

INTEGRATED REPORT

for the year ended 28 February 2015



IMBALIE

BEAUTY™

IMBALIE BEAUTY is mainly a franchisor that markets and distributes its own and independent health and beauty brands to its distribution footprint of 150 own and franchised beauty salons, large retailers, independent beauty salons and selected pharmacies.

As a franchisor and service provider of beauty treatments, the Group engages in ongoing training of all beauty consultants, nail technicians and hair stylists to ensure that service levels are maintained and that the Group's service offerings are standardised.

ABOUT US

Our purpose through the Imbalie Beauty vehicle is to help millions of people feel better about themselves. We say at Imbalie Beauty that beauty is no longer a guilty treat but a tool for living your life successfully.



CONTENTS

1	Our Vision, Our Mission, Our Values and Our Imbalie Beauty Guarantee	66	Shareholders' diary
2	Awards during 2014/2015	67	Report prepared by the board of directors of Imbalie Beauty Limited related to the conversion of the ordinary shares to shares having no nominal or par value
4	Board of directors		
6	Report of the Chairman and CEO		
8	Audit and Risk Committee report	69	Notice of annual general meeting
9	Corporate governance report	77	Form of proxy
19	Social responsibility	78	Notes to the form of proxy
22	Annual financial statements	79	Corporate information
65	Shareholders' analysis		

OUR VISION

To be the largest and most desirable beauty franchise Group.

OUR MISSION

To make a positive change in the world through self-improvement and self-empowerment, and increase the self-esteem of our customers.



OUR VALUES

We live our values of integrity, teamwork, responsibility, accountability and accuracy.

OUR IMBALIE BEAUTY GUARANTEE

- A world-class structure to provide ongoing business and specialist marketing support.
- World-class systems, integrated with beauty gift cards and loyalty programs.
- Ongoing business and beauty training.
- Reputable products, technology and treatments.
- Continuous innovation and latest international beauty trends.

AWARDS during 2014/2015

FASA AWARDS

Winner Franchisee of the Year Category

April 2014: **Perfect 10 Ballito**

Finalist in Franchisor of the Year Category

April 2014: **Dream Nails Beauty**

Finalist Franchisee of the Year Category

April 2015: **Placecol Silver Oaks**

Finalist Brand Builder of the Year Category

April 2015: **Placecol**

WOMAN & HOME AWARDS

Best product: Placecol Stimugenating Mask

Best Product: Empro Eyebrow Liner

SOUTH AFRICAN PHARMACEUTICAL AND COSMETIC REVIEW AWARDS

Individual Category Winner October 2014:

BIOEFFECT EGF Eye Serum

Packaging Category Winner October 2014:

BIOEFFECT EGF Eye Serum

ELLE AWARDS

Best product:

Placecol AHA Exfoliating Cream



BEELD AWARDS

Placecol voted as the favourite beauty

salon by readers of Beeld in May 2015

MARIE CLAIRE SA PRIX D'EXCELLENCE DE LA BEAUTÉ AWARDS

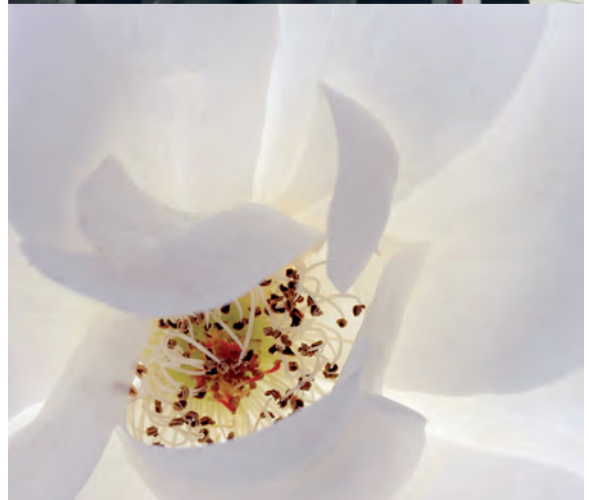
Best Care Product March 2015:

BIOEFFECT EGF Eye Serum



**KALAI MOODLEY OF PERFECT 10
BALLITO WINS FASA'S FRANCHISEE
OF THE YEAR AWARD**

Winner of FASA's Franchisee of the Year Award, Kalai Moodley, has won this top award based on her understanding of the importance of having good systems and structures in place in order to run a successful franchise operation and by embracing her relationship with her franchisor, Imbalie Beauty. Above all, Kalai invests time and money into her team. She also contributes to her community and makes a difference every day. Says Kalai, "I make a concerted effort to employ excellent staff and supplement this with the intensive training offered by the Imbalie Beauty Group. I also make a point of paying above market-related salaries and commissions, and additionally offer a 13th cheque, which is virtually unheard of in the beauty industry. Creating a winning team has enabled me to attract and retain our large loyal client base. This has ensured that we have become a beauty destination of choice in a very short period of a year and a half."



Board of **DIRECTORS**

NON-EXECUTIVE DIRECTORS



MITESH PATEL (41)

*Independent
Chairman of the Board*

BCom Hons (CA) SA

Mitesh has extensive experience in the South African auditing environment. Mitesh completed his articles with Deloitte & Touche. In 2007 he was approached by Ernst & Young Inc. where he accepted a partner position.

He then joined Nkonki Inc. in 2008 as a partner/director. He is also chairperson of various audit committees and acts as an independent non-executive director on a number of boards. Mitesh has a passion for education and social upliftment and started a bursary fund aimed at disadvantaged students keen on pursuing a career in Chartered Accounting.



THEO SCHOEMAN (51)

Chairman of the Audit and Risk Committee

BCom (Computer Science), BCom Hons (CA) SA

Theo served his articles with Coopers & Lybrand. He has a corporate finance background and his wide business experience encompasses, *inter alia*, industry consolidation and the set-up of new businesses, involvement with new listings and also has international experience. He received the "Centurion Businessman of the Year" award in 2005. He is currently the Chief Executive Officer of the Centurion Academy.



PUMLA TLADI (41)

Chairman of the Social and Ethics Committee

BCom

Pumla holds a BCom Degree from the University of Natal (Durban). She has 14 years of banking experience in the personal, SMME and Corporate lending areas of Nedbank, Standard Bank, Rand Merchant Bank (RMB) and Investec. Her specialities include property finance and structured lending. She held the position of Gauteng Regional chairperson of the Women's Property Network (WPN) from 2008 to 2010 and has been affiliated to bodies such as the South African Institute of Black Property Professionals (SAIBPP) and Women in Finance (WIF). Pumla also holds a post graduate diploma in Property Development (PDP) with she obtained through UCT Graduate School of Business.

COMMITTEE ICONS



Audit and Risk Committee



Remuneration and Nomination Committee



Social and Ethics Committee



EXECUTIVE DIRECTORS



ESNA COLYN (48)
Chief Executive Officer

BCom Hons CA (SA)

Esna joined Imbalie Beauty in May 2010 as the CEO of the Group, after many years' experience in banking, private equity and corporate finance. One of Esna's proudest moments at Imbalie Beauty was two years later in March 2012 when Imbalie Beauty acquired the Perfect 10 Franchise chain of approximately 55 beauty salons nationally, establishing the Imbalie Beauty Group as the largest and most desirable beauty franchise group with more than 150 beauty salons. Esna assisted in simplifying the internal structures for the franchisees, to become more efficient as a franchisor and to offer enhanced support to the franchisees. In line with achieving the Group's vision, of being the largest and most desirable beauty franchise group, the Group embarked on "project facelift" three years ago and has revamped more than 70 beauty salons to date. In order to live its mission, to make a positive change in the world, Imbalie Beauty is the only beauty franchisor that implemented its own independent pension fund. Another significant milestone achieved in July 2015 was the completion and successful launch of the upgrade of the Placecol skin care range, a 35 year old skin care range. The Placecol skin care range is now considered to be the best skin care range in South Africa.



DEBBIE WOLFENDALE (48)
Executive director: Marketing, Sales and Training

H Dip in Somatology

Debbie is the Managing Director of Prana Products and has more than 27 years' experience in the cosmetic and skincare industry. She has a passion and drive for people and beauty products.

Debbie completed studies in 1985, and started to work with the Clarins group in KZN. Thereafter, she completed a two year lecturing cycle at the then Natal Technikon, in all subjects in the Health and Allied Medicine department. Debbie then relocated to Johannesburg and started her career with the Clarins Group as National Education Manager. She then became a Director of Education, and finally Managing Director. In 2011 Debbie ventured out alone, and headed up her own company - Prana Products as the CEO - importing and distributing Medi-ceauticals and Professional colour and hair brands. Today, Debbie and her company, Prana, have been integrated into Imbalie, where Debbie heads up Sales, Marketing, Customer care and Training - as an executive director.



WESSEL VAN DER MERWE (46)
Financial and Corporate Strategy director

BCom Hons CA (SA)

Wessel has accumulated more than 20 years' experience in investment banking and corporate finance. He completed his articles with Arthur Anderson before spending three years in investment banking at Gensec Bank. Wessel then founded a corporate finance business and later co-founded a JSE-Sponsor business, which was responsible for the most listings on the JSE's AltX to date. Wessel is experienced in all aspects of corporate finance, but his specific skills lie in deal negotiation and structuring as well as capital raising. He has an extensive network of clients and introduced BEE shareholders into most of the listings undertaken by his business.



Report of the **CHAIRMAN** and **CEO**

“To educate, uplift and develop leaders and their teams in business”

STRATEGIC HIGHLIGHTS AND ACHIEVEMENTS OF IMBALIE BEAUTY FOR THE YEAR

- Acquisition of the business of Prana Products (Pty) Limited (“Prana Products”) and the appointment of Debbie Wolfendale as executive director: Marketing, Sales and Training with effect from 1 June 2015.
- The successful upgrade and relaunch of the Placecol skin care range in the market place. Placecol's new dermatological skin care range is considered to be the “Best Skin Care Product in South Africa”.
- Placecol skin care brand celebrates its 35th Anniversary in 2015.
- Dream Nails Beauty franchise group celebrates its 30th Anniversary in 2015, establishing it as the oldest beauty franchise group in South Africa.
- FASA award winner “Franchisee of the Year Category” April 2014: Perfect 10 Ballito.

REVIEW OF THE YEAR

Imbalie Beauty continued to experience difficult trading conditions during the second half of the financial year mainly as a result of its exposure to a large retailer that encountered difficult trading conditions. The Imbalie Beauty Group will remember the 2015 year as a year of significant transformation, mainly relating to the upgrade and relaunch of its Placecol skin care range. The success of the launch of this product range bodes very well for future successful launches of own brands into its other franchise groups.

Imbalie Beauty has during May 2015 strengthened its management team with the acquisition of the business of Prana Products and the appointment of Debbie Wolfendale as the executive director: Marketing, Sales and Training of Imbalie Beauty. Debbie has more than 27 years' experience in the cosmetic and skincare industry. The acquisition and appointment was effective from 1 June 2015.

OVERVIEW OF IMBALIE BEAUTY'S SALON BRANDS

Imbalie Beauty is a multiple brand owner of the following franchise salon chains, Placecol Skin Care Clinics; Dream Nails Beauty Salons; and Perfect 10 Nail and Body Studios. It is our vision to be the largest and most desirable beauty franchise group.

Placecol

The Imbalie Beauty Group is proud that its Placecol salon group was voted as the favourite beauty salon by readers

of Beeld in May 2015. In addition, the Placecol salon group received nominations and was finalists at the FASA Awards in the following two categories after year end:

- **Finalist Franchisee of the Year Category April 2015:**
Placecol Silver Oaks.
- **Finalist Brand Builder of the Year Category April 2015:**
Placecol.

In terms of the Groups' strategy through the introduction of innovative products and treatments, the Placecol salon brand will be elevated to new levels. The know-how and the use of anti-ageing equipment during treatments will continue to increase the barriers to entry.

Dream Nails Beauty

The Dream Nails group celebrates its 30th anniversary in 2015. Towards the end of 2012, the Group commenced with the transformation of its Dream Nails Beauty salons in line with its vision to have the most desirable beauty salons. The Dream Nails Beauty brand was a finalist in the March 2014 FASA awards in the Franchisor of the Year category.

Perfect 10 Nail & Body Studios

The Perfect 10 brand was acquired by the Imbalie Beauty Group in March 2013. The Imbalie Beauty Group has embarked on a strategy to refresh and modernise this established and well known South African brand in the years to come. Perfect 10 Ballito in KwaZulu-Natal was the winner in the Franchisee of the Year category for FASA in March 2014.

OVERVIEW OF OWN PRODUCT BRANDS

Imbalie Beauty successfully launched its upgraded Placecol skin care range (a 35 year old skin care range combined with in-salon treatments) in the consumer category for consumers younger than 40 years old, during November 2014 and in July 2015 for consumers older than 40 years old, into its Placecol skin care clinics.

The upgraded Placecol skin care range is now considered to be the best skin care range in South Africa.

OUR PROSPECTS (INVESTMENTS AND TRENDS INFLUENCING OUR STRATEGY)

Imbalie Beauty remains optimistic about the future, following the strengthening of its management team, the relaunch of its Placecol skin care range and the continued opening of more successful beauty salons, which will create more job opportunities in South Africa. Imbalie Beauty has already opened and relocated more new beauty salons during the first three months of the current financial year compared to the 2015 financial year.

Imbalie Beauty is on a continuous journey to innovate, offer better marketing, pricing and support structures to its franchisees.

STRATEGY

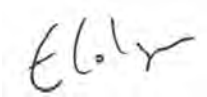
Our strategy is aligned with our vision to be the largest and most desirable beauty franchise group. The management team is committed to continuous innovation, the ongoing elevation of our people and our customers, to help them to feel better about themselves and to uplift leaders and their teams in business. We are here to serve our franchisees and customers, give attention to detail and to ensure that the customer has a memorable experience.

APPRECIATION

The directors would like to thank our Imbalie Beauty team for their extended efforts and our clients, strategic partners and suppliers for their support during the year.



Mr MM Patel
Chairman



Ms E Colyn
Chief Executive Officer

Samrand
28 July 2014



Audit and Risk **COMMITTEE REPORT**

BACKGROUND

The Committee presents its report for the financial year ended 28 February 2015 as recommended by the King III report on Corporate Governance and in line with the Companies Act of South Africa, 2008 (Act 71 of 2008) ("the Act").

OBJECTIVE AND SCOPE

The overall objectives of the Committee are as follows:

- To review the principles, policies and practices adopted in the preparation of the accounts of companies in the Group and to ensure that the annual financial statements of the Group and any other formal announcements relating to the financial performance comply with all statutory, regulatory and Imbalie Beauty Limited requirements as may be required;
- To ensure that the consolidated financial statements of the Group comply with all statutory, regulatory and Imbalie Beauty Limited requirements and similarly, that the financial information contained in any consolidated submissions to Imbalie Beauty Limited is suitable for inclusion in its consolidated financial statements;
- To annually assess the appointment of the external auditors and their independence, recommend their appointment and approve their fees;
- To review the work of the Group's external auditors to ensure the adequacy and effectiveness of the Group's financial controls;
- To review the management of risk and the monitoring of compliance effectiveness within the Group; and
- To perform duties that are attributed to it by the Act, the JSE and King III.

The committee performed the following activities:

- Received and reviewed reports from external auditors concerning the effectiveness of the internal control environment, systems and processes;
- Reviewed the reports of external auditors detailing their concerns arising out of their audits and requested appropriate responses from management resulting in their concerns being addressed;
- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings;
- Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided was not such that they could be seen to have impaired their independence; and
- Reviewed and recommended for adoption by the board such financial information that is publicly disclosed which for the year included:
 - the audited results for the year ended 28 February 2015; and
 - the interim results for the six months ended 31 August 2014.

The Audit Committee is of the opinion that the objectives of the Committee were met during the year under review.

Where weaknesses in specific controls had been identified, management undertook to implement appropriate corrective actions to mitigate the weakness identified.

MEMBERSHIP

During the course of the year, the membership of the Committee was comprised solely of independent non-executive directors. They are Theo Schoeman (Independent Chairman), MM Patel and Pumla Tladi.

EXTERNAL AUDIT

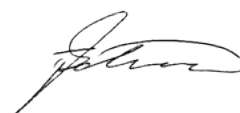
The Committee has satisfied itself through enquiry that the auditor of Imbalie Beauty Limited is independent as defined by the Act. The Committee, in consultation with executive management, agreed to an audit fee for the 2015 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. There is a formal procedure that governs the process whereby the external auditor is considered for the provision of non-audit services, and each engagement letter for such work is reviewed in accordance with set policy and procedure. Meetings were held with the auditor where management was not present, and no matters of concern were raised. The Committee has reviewed the performance of the external auditors and nominated, for approval at the annual general meeting, Nexia SAB&T, as the external auditor for the 2015 financial year.

ANNUAL FINANCIAL STATEMENTS

The Audit Committee has evaluated the consolidated annual financial statements for the year 28 February 2015 and considers that they comply, in all material aspects, with the requirements of the Act and International Financial Reporting Standards. The Committee has therefore recommended the annual financial statements for approval to the board. The board has subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.

COMPANIES ACT

The Audit Committee, together with the board and management, has taken appropriate steps to ensure that the Company had processes in place to comply fully with the Companies Act of South Africa, 2008 (Act 71 of 2008), before the conclusion of the financial year ended 28 February 2015.



TJ Schoeman
Audit and Risk Committee Chairman

Samrand
29 May 2015



GOVERNANCE



The board of directors of the Company fully supports and subscribes to the principles of fairness, accountability, responsibility and transparency in all its dealings.



Corporate GOVERNANCE REPORT

INTRODUCTION

It has been widely recognised that good corporate governance contributes to sustainable economic development by enhancing the performance of companies and increasing their access to external capital. The board of directors of the Company fully supports this notion and subscribes to the principles of fairness, accountability, responsibility and transparency in all its dealings. It is acknowledged that these principles provide the platform to ensure quality decision-making and enhance the long-term prosperity of companies. At the same time what is essential for good governance is that directors apply their minds to what is in the best interest of the Company from time to time. For this reason, the King Report on Corporate Governance for South Africa, 2009 ("King III") is based on

the principle of "apply or explain", expecting a board of directors to apply those recommendations it believes best serve the interests of the Company and to explain where it does not apply some of the recommendations.

APPLICATION OF KING III WITHIN IMBALIE BEAUTY LIMITED

Imbalie Beauty Limited remains committed to compliance with the regulatory requirements of sound corporate governance principles. The Company endorses the application of the principles recommended in the King III Report, and has been effectively implementing and reporting on a spectrum of governance principles, underpinned by the values of responsibility, accountability, fairness and transparency.

The following matrix was compiled to indicate the level of compliance based on the 27 main principles per Chapter 2 of King III. A full report of our compliance with each of the King III principles is available on the Imbalie Beauty website, www.imbaliebeauty.co.za.

	Description of principle	Status	Comment
2.1	The board should act as the focal point for and custodian of corporate governance	Applied	The board has a Board Charter in place that details and governs the manner in which the business is to be conducted by the board in accordance with the principles of sound corporate governance.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	Applied	The board approved a strategy that is continuously being monitored by management.
2.3	The board should provide effective leadership based on an ethical foundation	Applied	The Board Charter regulates and deals with board leadership, and defines the separate responsibilities of the Chairman and the Chief Executive.
2.4	The board should ensure that the Company is and is seen to be a responsible corporate citizen	Applied	The Social and Ethics Committee is regulating the responsible corporate citizenship.
2.5	The board should ensure that the Company's ethics are managed effectively	Applied	Please see the paragraph on the Social and Ethics Committee as part of the corporate governance report.
2.6	The board should ensure that the Company has an effective and independent Audit Committee	Applied	Please see the paragraph on the Audit and Risk Committee as part of the corporate governance report.
2.7	The board should be responsible for the governance of risk	Applied	Please see the paragraph on the Audit and Risk Committee as part of the corporate governance report.
2.8	The board should be responsible for information technology (IT) governance	Explained	The Group IT structure is a standardised system and therefore the board is committed to comply with best practice. The Group's IT structure is not complex. Standardised systems are in place and therefore IT governance minimal standards are complied with and managed by the IT Steering Committee. The IT Steering Committee charter was finalised during the period. The function currently fell within the portfolio of the information technology manager, who reported directly to the executive committee. The IT team was strengthened during the period to ensure the compliance as stated above.



	Description of principle	Status	Comment
2.9	The board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	The boards as well as all the committees are dedicated to ensure compliance with applicable laws and consider adherence to non-binding rules, codes and standards. Compliance to applicable legislation forms part of the Audit and Risk Committee work plan.
2.10	The board should ensure that there is an effective risk-based internal audit	Explained	Due to cost constraints, it did not have a formal appointed internal auditor and/or internal audit department. Internal audit related functions were fulfilled and various procedures and controls had been put in place to address discrepancies identified. The risk matrix and the Audit and Risk Committee monitor all internal controls and procedures to develop the combined assurance model.
2.11	The board should appreciate that stakeholders' perceptions affect the Company's reputation	Applied	The board notes the Group's stakeholders' relationships on a regular basis.
2.12	The board should ensure the integrity of the Company's integrated report	Applied	The Group is in the process of expanding and improving on sustainability reporting. This will however be a three to five year project.
2.13	The board should report on the effectiveness of the Company's system of internal controls	Applied	Please see the paragraph on the Audit and Risk Committee as part of the corporate governance report.
2.14	The board and its directors should act in the best interests of the Company	Applied	This forms part of the Board's Charter, which is reviewed on an annual basis.
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined in the Companies Act	Not applicable	Not applicable.
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the Company should not also fulfil the role of chairman of the board	Applied	The chairman, Mr Patel, is an independent non-executive director.
2.17	The board should appoint the Chief Executive Officer and establish a framework for the delegation of authority	Applied	The CEO of the Company is Esna Colyn. Please see the report of the Chairman and CEO on page 6.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Applied	The board comprised six directors, of whom three are executive directors and three independent non-executive directors.
2.19	Directors should be appointed through a formal process	Applied	Please see the paragraph on the Remuneration and Nominations Committee as part of the corporate governance report.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	Applied	The board will continue to focus on improvements and attend training courses for overall improvement.
2.21	The board should be assisted by a competent, suitably qualified and experienced Company Secretary	Applied	Please see the paragraph on the Company Secretary as part of the corporate governance report.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	Applied	Self-assessments were completed for the period under review and the board will continue to focus on improvements.



Corporate **GOVERNANCE REPORT** continued

	Description of principle	Status	Comment
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Applied	Please see the paragraphs on board committees, part of the corporate governance report.
2.24	A governance framework should be agreed between the Group and its subsidiary boards	Applied	The governance framework forms part of the board work plan.
2.25	Companies should remunerate directors and executives fairly and responsibly	Applied	Please see the paragraph on the Remuneration and Nominations Committee, part of the corporate governance report.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	Applied	Please refer to the annual financial statements.
2.27	Shareholders should approve the Company's remuneration policy	Applied	The Group's remuneration philosophy as set out on page 17 is included as a non-binding advisory vote.

BOARD OF DIRECTORS

The board is the highest governing authority of the Company. The Board Charter articulates the objectives and responsibilities of the board (see below). Likewise, each of the board sub-committees operates in accordance with written terms of reference, which are regularly reviewed by the board. The board takes ultimate responsibility for the Company's adherence to sound corporate governance standards and sees to it that all business decisions and judgements are made with reasonable care, skill and diligence. Non-executive directors are expected to contribute an unfettered and independent view on matters considered by the board. All directors have the requisite knowledge and experience required to properly execute their duties, and all participate actively in board meetings.

In terms of the MOI, the number of directors shall not be less than four. After the 2015 year end and at the date of issuing the Integrated Report the board comprised six directors, of whom three are executive directors and three non-executive directors (all are considered independent). Advised by the Remuneration and Nominations Committee, the board ensures that the election of independent directors falls on reputable persons of well-known competence and experience, who are willing to devote a sufficient part of their time to the Company. The composition of the board remains under constant review,

not only to maintain the required balance in terms of independence of directors, but also to ensure the optimum mix of skills and experience. Details of the directors in office at the date of issuing the Integrated Report appear on pages 4 and 5 of this report.

The roles of the Chairman of the Board and the Chief Executive Officer ("CEO") are kept separate. There is a clear division of responsibilities on the board which forms part of the policy to ensure a balance of power.

On 30 April 2015, Ms HA Lunderstedt and Ms M Malan resigned as directors of the Company. Ms D Wolfendale was appointed as a director of the board on 1 June 2015. Ms Wolfendale was also appointed as a member of the Social and Ethics Committee. Mr WP van der Merwe's role changed on 30 April 2015, from non-executive to executive director acting as Corporate Strategy Director and he has also taken over the role as Financial Director. Mr MM Patel has taken over the role of Chairman as from 29 May 2015.

The board is required to meet at least four times a year. During the financial year ended 28 February 2015, it convened five times. Quarterly board meetings have been included in the board's annual calendar. In addition to the above the board approved a specific governance work plan to ensure that board discharged its duties in a structured manner and that all governance issues are considered and appropriately dealt with in an annual cycle.



Summary attendance table of board meetings during the financial year ended 28 February 2015

Member	26/05/2014	28/07/2014	30/09/2014	30/10/2014	12/02/2015
Ms HA Lunderstedt	P	P	P	P	P
Ms E Colyn	P	P	P	P	P
Mr WP van der Merwe	P	P	P	P	P
Mr MM Patel	P	P	P	P	P
Ms M Malan	P	P	P	P	P
Mr TJ Schoeman	P	P	P	P	P
Ms P Tladi	P	P	P	P	P

Key:

P Present

Executive directors' service contracts may be terminated with three months' notice. The daily management of the Group's affairs is the responsibility of the CEO. In addition to the annual work plan, an approvals framework is also in place, setting out the respective responsibilities and levels of authority of the board and executive management. The board is kept informed of all developments at the Company, primarily through the executive directors and the Company Secretary.

In line with recommendations by King III, a self-assessment of the performance of the board and its committees was done following the year end and the results thereof were considered in order to identify areas for improvement.

BOARD CHARTER

The board charter details and governs the manner in which the business is to be conducted by the board in accordance with the principles of sound corporate governance. The charter is reviewed annually and amended when necessary by the board ensuring that the charter remains relevant, incorporates best practices and aims to achieve high levels of good governance.

The charter regulates and deals with, *inter alia*:

- board leadership and defines the separate responsibilities of the Chairman and the Chief Executive Officer;
- procedures, pre-requisites and competencies for membership, size and composition of the board, period of office, reward, induction and succession planning;
- procedures for board meetings, frequency, quorum, agendas, board papers, conflicts of interest and minutes;
- retain full and effective control of the Group;
- review and approve corporate strategy;
- approve and oversee major capital expenditure, acquisitions and disposals;

- review and approve annual budgets and business plans;
- monitor operational performance and management;
- determine the Group's purpose and values;
- ensure that the Group complies with sound codes of business behaviour;
- ensure that appropriate control systems are in place for the proper management of risk, financial control and compliance with all laws and regulations;
- appoint the CEO and ensure proper succession planning for executive management;
- regularly identify and monitor key risk areas and the management thereof; and
- oversee the Company's disclosure and communication process.

The board's governance procedures and processes are continuously being reviewed and a number of specific policies have been adopted by the board, expanding on the content of the board charter in the following areas:

- communication on behalf of the Company and the board;
- conflict of interest;
- access to professional advice;
- whistleblowing policy; and
- trading in Company shares.

An orientation and induction programme for directors is in place. Directors have unrestricted access to Company information and records. A policy dealing with conflicts of interests has been adopted and a register of directors' declarations of interest is retained.

COMPANY SECRETARY

The Company secretary is appointed and removed by the board. All directors have access to the advice and services of the Company secretary. The certificate required to be signed in terms of section 88 of the Companies Act appears on page 24 of the annual financial statements.



iThemba Governance and Statutory Solutions (Pty) Limited (“iThemba”) is the appointed Company Secretary and the board is satisfied that the directors of iThemba are appropriately qualified and competent to fulfill this function. As required in terms of the JSE Listings Requirements, the board has satisfied itself of the competence, qualifications and experience of the Company Secretary by way of a formal review of these items.

The Company Secretary is independent from management and have no executive duties or responsibilities other than the position of Company Secretary. There are no special ties between the Company Secretary or any of the directors. The Company Secretary is not a director or a material shareholder of the Company or a subsidiary. Furthermore the Company Secretary has not entered into any major contractual relationships with the Company or any director based on the aforementioned. The board is satisfied that the Company Secretary maintained an arms-length relationship with the board of directors.

iThemba is represented by Marianne Fourie (BCom LLB) an admitted attorney of the High Court with general legal, compliance and Company Law experience acting as Company secretary at board and committee meetings of various listed and other companies.

ROTATION AND RETIREMENT FROM THE BOARD

In accordance with the MOI, one-third of the non-executive directors shall retire from office at each annual general meeting and their re-appointment is subject to shareholders’ approval. All non-executive directors are subject to retirement and re-election by shareholders every second year. The board, assisted by the Remuneration and Nominations Committee, recommends the eligibility of the retiring director (subject to availability and his/her contribution to the business) for re-appointment. The director retiring by rotation at the forthcoming annual general meeting is Ms P Tladi. In addition, all directors are subject to election by shareholders at the first opportunity after their initial appointments. In terms thereof, the appointment of Ms D Wolfendale will be confirmed at the forthcoming annual general meeting.

REMUNERATION

Details of directors’ fees and remuneration are fully disclosed in note 32 to the financial statements. In addition, the proposed fees to be paid to non-executive directors for approval by shareholders by way of a special resolution are set out in the notice of the annual general meeting forming part of this report. Non-executive directors only receive remuneration that is due to them as members of the board. Directors serving as members on board sub-committees receive additional remuneration.

Remuneration of executive directors in their capacities as executive members of the management team as approved by the Remuneration and Nomination Committee is fully disclosed in note 32 to the financial statements.

MONITORING OF PERFORMANCE

The Chairman is appointed on an annual basis by the board, with the assistance of the Remuneration and Nominations Committee. The Remuneration and Nominations Committee assesses the independence of non-executive directors annually.

At the last meeting of the 2015 financial year a detailed self-assessment of the performance of the board and its committees was conducted in line with the latest recommendations by King III and the results thereof were considered in order to identify areas for improvement. The assessments found the structures and processes governing the board and its committees were well-established and functioning satisfactorily. It also found that the board had fulfilled its role and responsibilities and had discharged its responsibility to the Company, shareholders and other stakeholders in an exemplary manner.

BOARD COMMITTEES

The board has established a number of standing committees with delegated authority from the board. Each committee has agreed terms of reference as approved by the board that addresses issues such as composition, duties, responsibilities and scope of authority.

Although the board delegates certain functions to these committees, it retains ultimate responsibility for their activities. Each board committee is chaired by a non-executive director.

Committees operate in accordance with board approved terms of reference, as well as annual work plans, which are reviewed and updated on a regular basis to align them further with best practice. The board appoints the chairmen and the members of these committees. In addition, the committees are required to evaluate their effectiveness and performance on an annual basis and to report the respective findings to the board for consideration. The board has an Audit and Risk Committee, Remuneration and Nomination Committee as well as a Social and Ethics Committee.

AUDIT AND RISK COMMITTEE

With effect from 29 May 2015 the separate Audit Committee and Risk Committee, were combined into one committee.

The committee consisted of three independent non-executive directors throughout the financial year and membership and attendance at meetings is set out on page 13. At the time of publishing the integrated report,



the composition of the Audit and Risk Committee was as follows:

Mr TJ Schoeman (Chairman)

Mr MM Patel

Ms P Tladi

The relevant resolution for the appointment of the Audit and Risk Committee as required by the Companies Act is set out in the notice of the annual general meeting as contained in this report. The board is satisfied that the members as proposed for approval by shareholders meet the definition of non-executive directors, acting independently, as defined in the Companies Act.

The Audit and Risk Committee has updated, formal board approved terms of reference. The board is satisfied that the Committee has complied with these terms and with its legal and regulatory responsibilities as set out in the Companies Act, King III and the JSE Listings Requirements. The terms of reference for the Audit and Risk Committee intend to ensure compliance with both governance recommendations and statutory requirements.

The board believes that the members collectively possess the knowledge and experience to exercise oversight of Imbalie Beauty financial management, external auditors, the quality of Imbalie Beauty financial controls, the preparation and evaluation of Imbalie Beauty financial statements and financial reporting. The board has established and maintains internal controls and procedures, which are reviewed on a regular basis. These are designed to manage the risk of business failures and to provide reasonable assurance against such failures but this is not a guarantee that such risks are eliminated.

It is the duty of this Committee, among other things, to:

- **Integrated Reports:**

- Evaluate any factors that may predispose the management to present an incomplete or misleading picture of the Company's position, performance or sustainability;
- monitor significant judgments and reporting decisions affecting the integrated report made by management;
- consider any evidence that comes to its attention that brings into question any previously published financial or sustainability information, including complaints about this information; and
- review forward-looking statements of financial or sustainability information to ensure that the information provides a proper appreciation of the key drivers that will enable the Company to achieve these forward-looking goals.

- **Financials:**

- Comment on the financial statements, the accounting practices and the internal financial control of the Company responsible for evaluating the significant judgments and reporting decisions affecting the Company;
- incorporate the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive financial information and prospectuses, trading statements, circulars and similar documents;
- resolve the disagreements on auditing or accounting matters between the management and the external auditors; and
- make a statement on the going concern status of the Company.

- **Sustainability:**

- Overseeing the integrity of the integrated report, and
- assist the board in approving the disclosure of sustainability issues in the integrated report.
- Consider whether the external auditor should perform assurance procedures on interim results.
- Ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities.
- Satisfy itself of the expertise, resources and experience of the Company's finance function.
- Responsible for overseeing of internal audit.
- Overseeing financial risk management and controls.
- Recommending the appointment of the external auditor and overseeing the external audit process.
- Report to the board and shareholders on how it has discharged its duties.
- Review reports of external auditors.
- Evaluate of the performance of the Chief Financial Officer.
- Review and monitor the adequacy and effectiveness of the Company's enterprise-wide risk management policies, processes and mitigating strategies.
- Govern information technology (IT) and the effectiveness of the Company's information systems.
- Review and monitor quarterly and annual financial and operational reports, the annual financial statements and all other widely distributed documents.
- Review and monitor compliance with applicable legislation, requirements of appropriate regulatory authorities.
- Reviewing the policy and plan for risk management annually.
- Monitoring the implementation of the policy and plan for risk management by management.



Corporate GOVERNANCE REPORT continued

- Recommending to the board levels of tolerance, appetite and the monitoring of risks that are managed within these levels.
- Overseeing the dissemination of the risk management plan.
- Ensuring that risk management assessments are performed annually.
- Implementing frameworks and methodologies to increase the possibility of anticipating unpredictable risks.
- Ensuring that continuous risk monitoring by management takes place and that appropriate risk responses are considered and implemented.
- Liaising closely with the other committees to exchange relevant risk information.
- Expressing a formal opinion to the board on the effectiveness of risk management.
- Reviewing risk management reporting that is included in the integrated report to ensure it is timely, comprehensive and relevant.
- Reporting to the board on risk management.

The committee is responsible for facilitating the relationship with the external auditors and for monitoring the non-audit services provided by the external auditors.

The external auditors have direct access to the Chairman of the Committee and attend all meetings of the Committee ensuring that auditors are able to maintain their independence. The Chairman of the Committee is expected to attend the annual general meeting in order to answer any questions that shareholders may have relevant to the Committee's areas of responsibility. The Committee is responsible for recommending the appointment of a firm of external auditors to the board who in turn will recommend the appointment to the shareholders. The committee is also responsible for determining that the designated appointee has the necessary experience, qualifications and skills and that the audit fee is adequate.

The Committee has, in addition to its other duties, also satisfied itself as to the appropriateness of the experience and expertise of the Financial Director as required in terms of the JSE Listings Requirements.

The board is satisfied that the Committee has been equipped to properly fulfil its duties going forward.

The Statutory Report of the committee as required by the Companies Act can be found on page 27 of the integrated report.

Summary attendance table of members at the Audit Committee meetings during the financial year ended 28 February 2015

Member	21/05/2014	22/07/2014	30/10/2014	11/02/2015
Mr MM Patel	P	P	P	P
Mr TJ Schoeman	A	P	P	P
Ms P Tladi	P	A	P	P

Summary attendance table of members at the Risk Committee meetings during the financial year ended 28 February 2015

Member	21/05/2014	30/10/2014	11/02/2015
Ms P Tladi	P	P	P
Mr MM Patel	P	P	P
Ms M Malan	P	P	P
Ms E Colyn	P	P	P

Key:

P Present A Apology

Risk Management

The Audit and Risk Committee is responsible for the governance of risk. The Audit and Risk Committee monitors the effectiveness of the Group's risk management processes.

Risks are identified by the key personnel and EXCO (head of each department) is accountable and responsible for the management of the risks identified.

The Company's risk framework was developed during the year. This culminated in the formation of the Company's

risk management policy. In its initial phase, the policy was developed around active management of the Company's internal risks however, external (macro-economic) risks are recognised and monitored.

A risk mitigation plan was developed to ensure the risks are managed and addressed on a regular basis. Each responsible person is in the process of performing detail testing on the risks. The Audit and Risk Committee, together with management, will also appoint an independent person/firm to perform testing and both



parties will provide detailed feedback on the findings. The findings will be presented to the board.

The risk matrix is developed for all key business areas including:

1. Sales (revenue and sales)
2. Outlet Operations (customer care, IT and training)
3. Distribution
4. Finance
5. Human Resources
6. Franchise Business Development
7. Marketing
8. CEO
9. Board

The risks identified in these key areas are documented (risk matrix), measured (risk mitigation plan, risk tolerance, materiality and heat map) and managed to ensure the risks are adequately addressed and action plans are already in place to mitigate the risks.

The tolerance levels as well as the internal materiality are approved and agreed upon to manage the effectiveness of the mitigation controls in place and to ensure these mitigation controls stay in place in the day-to-day operations of the business and the overall strategy of the business.

Risks are reported on a monthly basis to EXCO and on a quarterly basis to the Audit and Risk Committee. The information technology (IT) risks identified are also reported on and included in the IT governance report that is reviewed by the Audit and Risk Committee.

Management is committed to continuously identify risks, improve on mitigation of the risks identified and to report to all relevant parties on a regular basis.

Remuneration and Nominations Committee

At the time of publishing the integrated report, the composition of the Remuneration and Nominations Committee was as follows:

- Mr TJ Schoeman (Chairman of Remuneration Committee)
- Mr MM Patel (Chairman of Nominations Committee)
- Ms P Tladi (appointed to the committee with effect from 29 May 2015)

The Committee is primarily responsible for assisting the board in formulating remuneration and other employment policies as well as the remuneration philosophy of Imbalie Beauty and to structure appropriate remuneration packages for executive directors, based on industry standards and the best interests of all parties concerned. The Committee also assists the board in the nomination of new board candidates and ensuring regular assessment of board performance.

The nominations process itself is formal and transparent and a matter of consideration for the board as a whole.

The Chairman of the board acts as Chairman of the combined committee in the event of the committee dealing with nomination related matters.

During 2015, it convened three times. The attendance of Remuneration and Nominations Committee meetings during the past financial year is disclosed below.

Summary attendance table of members at the Remuneration and Nominations Committee meetings during the financial year ended 28 February 2015

Member	26/05/2014	30/10/2014	11/02/2015
Mr WP van der Merwe (Chairman of the Remuneration Committee)	P	P	P
Ms HA Lunderstedt	P	P	-
Mr MM Patel	P	P	P
Mr TJ Schoeman (Chairman of the Nominations Committee)	N/A	N/A	P
Ms P Tladi	N/A	N/A	N/A

Key:

P Present N/A Not yet appointed R Resigned

Remuneration Philosophy

Our salary structure is in accordance with Imbalie Beauty's overall reward philosophy and is designed to:

- Enable the Company to attract, retain and motivate the right calibre of individuals so as to ensure that a consistent and high level of performance is achieved;
- Provides guidelines so that decisions are made timeously with confidence and integrity;
- Maintain fair, consistent and equitable total remuneration practices in alignment with Imbalie Beauty's core values;
- Foster individual development and teamwork;
- Encourages internal development of talent;
- Be flexible enough to adjust to changing economic conditions or market pressures and to the various operating unit needs; and
- Reinforces roles and accountabilities.

Social and Ethics Committee

The Social and Ethics Committee is governed by a formal charter, which is aligned to the King III principles and the Companies Act. The Committee's terms of reference are reviewed and amended by the board on an annual basis to ensure compliance with regulatory changes and best practice and to incorporate the relevant provisions of King III as approved by the board. Responsibilities of this Committee are in line with the legislated requirements as per Regulation 43 of the Companies Act.



Corporate GOVERNANCE REPORT continued

It is the responsibility of this Committee, to ensure, among other things, that:

- the Company discharges its statutory duties in respect of section 72 of the Companies Act dealing with the structure and composition of board sub-committees;
- the Company upholds the goals of the Organisation of Economic Co-operation and Development (OECD) recommendations regarding corruption;
- the Company complies with the Employment Equity Act (as amended) and the Broad Based Black Economic Empowerment Act (as amended);
- the Company's directors and staff comply with the Company's Code of Ethics;
- the Company practices labour and employment policies that comply with the terms of the International Labour Organization (ILO) protocol on decent work and working conditions;
- the Company ensures the continued training and skills development of its employees; and
- the Company performs its responsibilities in respect of social and ethics matters in line with relevant policies and that these policies are reviewed on an annual basis, or as required.

The Committee evaluates its performance and effectiveness as part of the formal annual board evaluation process. Self-evaluation questionnaires are used for this purpose. Based on the results, the Committee and board believe that the Social and Ethics Committee functions effectively and complies with its terms of reference.

At the time of publishing the annual report, the composition of the Social and Ethics Committee was as follows:

Ms P Tladi (Chairman – appointed to the Committee with effect from 29 May 2015)

Ms E Colyn

Mr WP van der Merwe

Ms D Wolfendale (appointed to the Committee with effect from 1 June 2015)

Summary attendance table of members at the Social and Ethics Committee meetings during the financial year ended 28 February 2015

Member	23/10/2014	11/02/2015
Mr WP van der Merwe	P	P
Ms E Colyn	P	P
Ms M Malan	P	P
Ms P Tladi	N/A	N/A

Key:

P Present N/A Not yet appointed

CLOSED PERIODS

The Company complies with the JSE Listings Requirements as far as closed periods are concerned and a specific policy has been approved to address the procedures in respect of the trading in the Company's shares by directors of the listed entity and its major subsidiaries. Closed periods extend from 31 August and 28 February, being the commencement of interim and year-end reporting dates, up to the date of announcement of the results and include any other period during which the Company is trading under cautionary announcement.

STAKEHOLDER COMMUNICATION

The board recognises its duty to present a balanced and understandable assessment of the Company's position in reporting to stakeholders. Proactive communication with stakeholders addresses material matters of significant interest to shareholders, other stakeholders and the financial and investment community. The quality of information is based on the guidelines of promptness, relevance, transparency and substance over form.

Investor road shows, presentations and formal announcements are all used to communicate with the market. Shareholders are also encouraged to attend the Company's annual general meeting and to make use of this opportunity to engage with the directors on matters concerning the affairs of the Group.

CODE OF CONDUCT

The Company's code of ethics requires all executives and employees to maintain the highest ethical standards. An anonymous whistle blowing facility allows for any unethical, fraudulent or dishonest behaviour to be reported. During the year no reports were received through this facility.

The Company takes ethical behaviour across all its operations very seriously and aims to create an environment where open communication is encouraged.

Imbalie Beauty Limited and its subsidiaries have not entered into any restrictive funding arrangements during the period under review.

Imbalie Beauty Limited and its subsidiaries have not repurchased any of its own shares during the period under review.



SOCIAL RESPONSIBILITY



People are at the core of the Imbalie Beauty Group. Our mission is to make a positive change in the world through self-improvement and self-empowerment, and by increasing the self-esteem of our customers. We aim to do this not only through services offered in our franchised beauty salons, but also by making a positive change by investing in our people, community and environment.



Social RESPONSIBILITY

Any organisation is reliant on its employees, community and environment to make it successful. At Imbalie Beauty we strive to manage these relationships to produce an overall positive impact on society and to make a positive change in the world through self-improvement and self-empowerment, and by increasing the self-esteem of our customers.

Imbalie Beauty ensures its social sustainability by focusing on three prominent factors:

- Employee welfare – Labour practices and decent work environment – Human rights.
- Community welfare.
- The environment.

EMPLOYEE WELFARE

At Imbalie Beauty we strive to keep our employees happy, as they are our beauty force, focus on our values and on achieving results. We value employee participation, we allow room for growth and promotion within and contribute to educational growth opportunities. We strive to make a positive change in their lives, so they can help us achieve our goals. We strive to make our employees happy by taking the following measures:

Labour practices and decent work environment

Employment: The Imbalie Beauty Group has 208 employees spread throughout South Africa. All full-time employees have access to a pension fund.

Occupational health and safety: Imbalie Beauty complies with the regulatory requirements of employment and labour law for South African companies in terms of the International Labour Organisation Protocol on decent work and working conditions.

Training and education: Imbalie Beauty recognises the importance of ongoing development and training of its staff and continuously sends staff for training such as, VIP, HeadStart, Pastel, etc. Employees that show initiative and a passion for growth and development into a certain department are granted opportunities where Imbalie Beauty funds their studies in return for signing a working agreement for a certain period of time, or alternatively funding the course and making deductions from their salary on a month to month basis. For beauty therapists, nail technicians and franchisees the Company offers continuous training at our in-house training facility based in Centurion; this also includes the NSI learnership programme as described under the corporate social investment section of this integrated report. Employees have access to study leave in order to take paid time off during exam periods. Management is freely approachable by all employees to discuss and investigate further education and training.

Human rights

Imbalie Beauty ensures it is compliant in terms of the Human Rights Principles, as set out by the United Nations Global Compact Principles. Imbalie Beauty supports and respects the protection of internationally

proclaimed human rights. In future Imbalie Beauty will develop an explicit Company policy on human rights and provide effective training for its managers and staff in international human rights and standards. Imbalie Beauty is not complicit in human rights abuse and endeavours to ensure that all suppliers that are used are not in any way complicit in human rights abuses and if any are, to sever all ties with them and report them to the authorities.

COMMUNITY WELFARE

Imbalie Beauty invests in the community by making a positive change in the world while working on achieving business goals. Imbalie Beauty invests in the community through the following actions:

Learnership Programme: The Imbalie Beauty Learnership Programme is designed to provide a learning opportunity to those who cannot afford to pay for any studies. The candidates who are chosen attend entry level nail system training including manicures and pedicures training, which progresses to NSI acrylic and gel systems. After they have trained and been carefully evaluated, Imbalie Beauty places these candidates in one of its desirable beauty salons such as Placecol Skin Care Clinic, Dream Nails Beauty Salon and Perfect 10 Nail and Body Studio.

Employment solutions: Imbalie Beauty utilises Employment Solutions for the packaging of treatment packs that are utilised in the salons during facial treatments. Employment Solutions is a unique non-profit organisation that supplies training and creates employment possibilities for persons with a variety of disabilities, including physical disabilities, mental challenges and hearing impairment, across all borders of our society.

Reach for a Dream: Reach for a Dream approached Imbalie Beauty to be part of their “Reach for your Slippers” campaign for 2014. Franchisees were encouraged to purchase stickers from head office at R10 per sticker. Head office invoiced the salons directly and paid the monies over to Reach for a Dream. At the franchisees’ own discretion the stickers were sold to clients and staff at each outlet. All employees at head office also took part and wore slippers on the day. We will be participating in this campaign again in 2015.

The Tomorrow Trust: The Tomorrow Trust is a non-profit organisation providing education and holistic support to orphaned and vulnerable children in South Africa. Through a network of schools and grassroots-level organisations, or “key” organisations, the Tomorrow Trust identifies the children and youth most in need of educational intervention. These youths are then brought into the Tomorrow Trust’s programmes where they receive personal attention to their individual learning and psychosocial needs, thereby filling the gaps in their education. By the time a learner leaves the Tomorrow Trust, he or she is a mature, career-ready individual. Imbalie Beauty believes in the vision of the Tomorrow Trust and how they endeavour to change the lives of underprivileged children in South Africa.



Tekkies Tax: Tekkie Tax is a national fundraising campaign for nearly 300 organisations which have joined forces for a BIG campaign with a BIG impact. Imbalie Beauty Salons purchase tickets from the Tekkie Tax Charity to raise money for these charities. Franchisees were encouraged to purchase stickers from head office at R10 per sticker. Head office invoiced the salons directly and paid the monies over to the Takkie Tax organisation. At the franchisees' own discretion the stickers were sold to clients and staff at each outlet. All employees at head office also took part and wore the Takkie Tax stickers. We will be participating in this campaign again in 2015.

67 Minutes for Mandela Day: 67 Minutes for Mandela Day is not enough, Imbalie Beauty pledges 67 Acts of Kindness to be completed by the end of 2015. All in Honour of Nelson Mandela who inspired us to make a positive change in the world and create beauty in the world around us.

Dignity Dreams: Dignity Dreams is a registered NPO that has identified a definite need for underprivileged girls. They have created a solution which manufactures Dignity Dreams Packs which provide re-usable, washable sanitary wear that is SABS absorbency approved and re-usable for up to five years. Having access to beautiful, feminine, washable pads has significantly reduced the occurrence of infections, increased attendance at school and/or work and restored a measure of dignity. Imbalie Beauty's mission is aligned with the vision of Dignity Dreams to make a positive change in the world and empower women.

THE ENVIRONMENT

At Imbalie Beauty we strive to be sustainable in terms of reducing our impact on the environment and focusing on a total green environment. We strive to create a working environment where our employees focus on saving paper, recycling and minimising electricity usage and to be a completely paperless company in the near future.

Materials, services and products: The materials used within the skin care ranges or services offered are not

harmful to the environment or to the consumer and are in no way tested on animals. The formulas are scientifically developed and consumer orientated to ensure outcomes as stipulated and desired for each different product.

Energy: South Africa has seen a steep increase in the demand for electricity. The Department of Energy and Eskom have embarked on a campaign to reduce the use of electricity and create awareness on managing electricity. As part of this campaign Imbalie Beauty is aware of its responsibility to reduce electricity consumption. Employees are urged to save on electricity by ensuring that electrical items are switched off when not in use and when leaving the office all non-essential electrical items are switched off.

Water: Similar plans for the use of water are and need to be continuously implemented within Imbalie Beauty. Each individual should be aware of his/her responsibility to save water and not waste this valuable resource. The Imbalie Beauty EXCO has launching a head office campaign to improve overall business acumen, to train everyone to be aware of their individual usage of electricity, water and paper etc. This will not only help generate profits but also assist with Imbalie Beauty's initiative to start "going green". Imbalie Beauty ensures it is compliant in terms of the environment principles, as set out by the United Nations Global Compact Principles. Imbalie Beauty will in future endeavour to develop a code of conduct or practice for its operations and products that confirm commitment to care for health and the environment. Imbalie Beauty endeavours to work with suppliers to improve environmental performance, extending responsibility up the product chain and down the supply chain and co-operating with industry partners to ensure that use of environmentally sound technologies is implemented. To conclude, Imbalie Beauty is aware that social sustainability is an ongoing process and is constantly monitoring and assessing the impact of the business activity on social and environmental ecosystems to ensure we are reaching our business goals.



FINANCIALS

Imbalie Beauty Limited and its subsidiaries have not entered into any restrictive funding arrangements during the period under review.

Imbalie Beauty Limited and its subsidiaries have not repurchased any of its own shares during the period under review.

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

Directors' Responsibilities and approval	23
Declaration by the Company secretary	24
Directors' report	25
Independent auditors' report	27
Statement of financial position	28
Statement of comprehensive income	29
Statement of changes in equity	30
Statement of cash flows	31
Accounting policies	32
Notes to the annual financial statements	42

Directors' Responsibilities AND APPROVAL

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and their interpretations adopted by the International Accounting Standards Board, the Financial Reporting Guides issued by the Accounting Practices Committee of South African Institute of Chartered Accountants, the Listing Requirements of the JSE Limited and the Companies Act. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and their interpretations adopted by the International Accounting Standards Board, the Financial Reporting Guides issued by the Accounting Practices Committee of South African Institute of Chartered Accountants, the Listing Requirements of the JSE Limited and the Companies Act and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework,

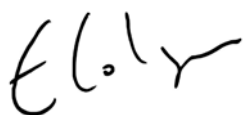
effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast and, in the light of this review and the current financial position, they are satisfied that the Group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditors and their report is presented on page 27.

The annual financial statements set out on pages 28 to 64, which have been prepared on the going concern basis, were approved by the board of directors on 29 May 2015 and were signed on its behalf by:



Ms E Colyn
Chief Executive Officer



Mr WP van der Merwe
Executive Director
Appointed 29 May 2015 as Financial and Corporate Strategy Director



Declaration by the **COMPANY SECRETARY**

I certify, in my capacity as Company Secretary and in accordance with section 88 of the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended, that for the year ended 28 February 2015 the Company has lodged with the Registrar of Companies all such returns as are required from a public company in terms of the Act and that these returns are true, correct and up to date.



Marianne Fourie

For: iThemba Governance and Statutory Solutions
(Pty) Limited
Company Secretary

Samrand
29 May 2015



Directors' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Imbalie Beauty Limited and its subsidiaries for the year ended 28 February 2015.

NATURE OF BUSINESS

Imbalie Beauty Limited and its subsidiaries is a franchisor, retailer and service provider of skin care, nail care and other beauty products incorporated in South Africa. The group operates principally in South Africa.

REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The operating results and state of affairs of the group and company are fully set out in the attached annual financial statements and do not, in our opinion, require any further comment.

AUTHORISED AND ISSUED SHARE CAPITAL

There have been no changes to the authorised or issued share capital during the year under review.

DIVIDENDS

No dividends were declared or paid to shareholders during the year.

DIRECTORS

The directors during the course of the year were as follows:

Ms HA Lunderstedt	(Non-executive Chairman - resigned 30 April 2015)
Mr TJ Schoeman	(Non-executive director)
Mr MM Patel	(Independent non-executive director)
Ms P Tladi	(Independent non-executive director - appointed 1 April 2014)
Mr WP van der Merwe	(Non-executive director, appointed 30 April 2015 as Financial and Corporate Strategy Director)
Ms E Colyn	(Chief Executive Officer)
Ms M Malan	(Financial director - resigned 30 April 2015)

DIRECTORS' INTERESTS IN THE COMPANY'S SHARES

The following directors of the Company held direct and indirect interests in the issued share capital of the Company at 28 February 2015 as set out below:

Director	2015			2014		
	Direct	Indirect	Percentage Holding	Direct	Indirect	Percentage Holding
Ms HA Lunderstedt (Non-executive Chairman - resigned 30 April 2015)	—	78 125 000	22,61	—	78 125 000	22,6
Mr TJ Schoeman (Non-executive director)	—	73 500	2,13	—	73 500	—
Mr WP van der Merwe (Non-executive director - appointed 30 April 2015 as Financial and Corporate Strategy Director)	—	66 965 675	19,38	—	66 965 675	19,4
Ms E Colyn (Chief Executive Officer)	35 171 549	—	10,18	35 171 549	—	10,1
Ms M Malan (Financial director - resigned 30 April 2015)	83 334	—	2,41	83 334	—	—
	35 254 883	145 164 175	56,71	35 254 883	145 164 175	52,1

There were no movements in the above shareholdings between the financial year-end and the date of this report.



Directors' REPORT continued

NON-CURRENT ASSETS

There was no significant changes in non-current assets during the financial year under review.

INTERESTS IN SUBSIDIARIES

	Interest 2015 %	Interest 2014 %	Net profit/ (loss) after tax R
Subsidiaries			
Placecol Fresh Beauty (Pty) Limited	100%	100%	(611 760)
Placecol Skin Care Clinic (Pty) Limited	100%	100%	169 422
Dream Nails Beauty (Pty) Limited	100%	100%	(211 230)
Enjoy Beauty (Pty) Limited	100%	100%	(680 641)
Imbalie Innovation (Pty) Limited	100%	100%	(42 024)
Imbalie Beauty Training Academy (Pty) Limited	100%	100%	(1 632 419)

Details of the Company's investment in subsidiaries is set out in note 6.

BORROWING LIMITATIONS

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the Company to borrow money, as they consider appropriate.

SPECIAL RESOLUTIONS

Special Resolutions passed for Imbalie Beauty Limited and its subsidiaries:

- Approval of non-executive directors' fees
- Approval of financial assistance to all related and inter-related companies
- Approval to acquire the Company's own securities

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements.

GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

AUDITORS

Nexia SAB&T registered auditors continued in office in accordance with section 90 of the Companies Act.

COMPANY SECRETARY

The Company Secretary is iThemba Governance and Statutory Solutions (Pty) Limited.

Postal address

PO Box 25160
Monument Park
0105

Business address

Monument Office Park Block 5
Suite 201
79 Steenbok Avenue
Monument Park
0105

FINANCIAL STATEMENTS

The annual results and financial position of the Group and Company are set out on pages 28 to 64.

The audited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB), the Financial Reporting Guides issued by the Accounting Practices Committee of the South African Institute of Chartered Accountants, the Listings Requirements of the JSE Limited (JSE) and the Companies Act, and remain consistent with those applied in the prior year.



Independent **AUDITORS' REPORT**

TO THE SHAREHOLDERS OF IMBALIE BEAUTY LIMITED AND ITS SUBSIDIARIES

We have audited the consolidated and separate annual financial statements of Imbalie Beauty Limited, as set out on pages 28 to 64, which comprise the statements of financial position as at 28 February 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate annual financial statements in accordance with International Financial Reporting Standards, and requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate annual financial statements that are free from material misstatements, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated and separate annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated and separate annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

internal control relevant to the entity's preparation and fair presentation of the consolidated and separate annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the financial position of the Group and company as at 28 February 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate annual financial statements for the year ended 28 February 2015, we have read the Directors' Report, the Audit and Risk Committee's Report and Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate annual audited financial statements. These reports are the responsibility of the respective preparer. Based on the reading of these reports, we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion thereon.



Nexia SAB&T

Registered auditors

Per: Aneel Darmalingam

Centurion
29 May 2015



Statement of FINANCIAL POSITION

as at 28 February 2015

Figures in Rand	Note(s)	Group		Company	
		2015	2014	2015	2014
Assets					
Non-current assets		38 400 396	36 107 499	18 699 251	18 739 245
Property, plant and equipment	3	3 960 954	3 792 555	—	—
Goodwill	4	6 808 807	6 808 807	—	—
Intangible assets	5	17 002 976	15 756 803	72 245	82 360
Investments in subsidiaries	6	—	—	16 570 376	16 570 376
Other financial assets	8	68 811	—	—	—
Deferred tax	10	10 558 848	9 749 334	2 056 630	2 086 509
Current assets		35 555 503	32 137 857	36 495 518	36 285 005
Inventories	11	19 247 658	19 789 386	—	—
Loans to group companies	7	—	—	36 444 513	36 234 004
Other financial assets	8	4 366 934	1 389 867	50 000	50 000
Current tax receivable		—	86 277	—	—
Trade and other receivables	12	11 714 060	10 575 218	—	—
Cash and cash equivalents	13	226 851	297 109	1 005	1 001
Total assets		73 955 899	68 245 356	55 194 769	55 024 250
Equity and liabilities					
Equity		41 698 856	43 855 880	55 016 950	54 940 113
Share capital	14	67 330 461	67 330 461	67 330 461	67 330 461
Reserves		406 671	162 665	—	—
Accumulated loss		(26 038 276)	(23 637 246)	(12 313 511)	(12 390 348)
Liabilities		12 599 026	5 893 469	—	—
Non-current liabilities		12 322 710	5 657 160	—	—
Other financial liabilities	16	12 322 710	5 657 160	—	—
Deferred tax	10	276 316	236 309	—	—
Current liabilities		19 658 017	18 496 007	177 819	84 137
Other financial liabilities	16	3 671 205	4 211 834	—	—
Operating lease liability		182 747	369 625	—	—
Trade and other payables	17	12 079 545	9 614 744	—	—
Bank overdraft	13	3 724 520	4 299 804	177 819	84 137
Total liabilities		32 257 043	24 389 476	177 819	84 137
Total equity and liabilities		73 955 899	68 245 356	55 194 769	55 024 250



Statement of **COMPREHENSIVE INCOME**

for the year ended February 2015

Figures in Rand	Note(s)	Group		Company	
		2015	2014	2015	2014
Revenue	19	91 885 577	87 381 064	1 920 000	1 113 664
Cost of sales	20	(38 346 714)	(34 238 139)	—	—
Gross profit		53 538 863	53 142 925	1 920 000	1 113 664
Other income		1 976 336	1 120 676	—	—
Operating expenses		(57 759 065)	(50 639 486)	(1 811 892)	(265 686)
Operating (loss)/profit	21	(2 243 866)	3 624 115	108 108	847 978
Investment revenue	22	1 374	38 629	5	1
Finance costs	23	(984 038)	(911 605)	(1 395)	(748)
(Loss)/profit before taxation		(3 226 530)	2 751 139	106 718	847 231
Taxation	24	825 500	(557 826)	(29 881)	(237 225)
(Loss)/profit for the year		(2 401 030)	2 193 313	76 837	610 006
Other comprehensive (loss)/income					
Revaluation surplus net of taxation		244 006	—	—	—
Total comprehensive (loss)/income for the year		(2 157 024)	2 193 313	—	610 006
(Loss)/earnings per share					
Basic (loss)/earnings per share (cents)	26	(0,69)	0,63	—	—
Diluted (loss)/earnings per share (cents)	26	(0,69)	0,63	—	—



Statement of **CHANGES IN EQUITY**

for the year ended February 2015

Figures in Rand	Share capital	Share premium	Total share capital	Revaluation reserve	Accumulated loss	Total equity
Group						
Balance at 1 March 2013	17 523 617	49 806 844	67 330 461	162 665	(25 830 559)	41 662 567
Profit for the year	—	—	—	—	2 193 313	2 193 313
Total comprehensive income for the year	—	—	—	—	2 193 313	2 193 313
Balance at 1 March 2014	17 523 617	49 806 844	67 330 461	162 665	(23 637 246)	43 855 880
Loss for the year	—	—	—	—	(2 401 030)	(2 401 030)
Other comprehensive income:						
Fair value adjustment	—	—	—	244 006	—	244 006
Total comprehensive loss for the year	—	—	—	244 006	(2 401 030)	(2 157 024)
Balance at 28 February 2015	17 523 617	49 806 844	67 330 461	406 671	(26 038 276)	41 698 856
Note(s)	14	14	14	15		
Company						
Balance at 1 March 2013	17 523 617	49 806 844	67 330 461	—	(13 000 354)	54 330 107
Profit for the year	—	—	—	—	610 006	610 006
Total comprehensive income for the year	—	—	—	—	610 006	610 006
Balance at 1 March 2014	17 523 617	49 806 844	67 330 461	—	(12 390 348)	54 940 113
Profit for the year	—	—	—	—	76 837	76 837
Total comprehensive income for the year	—	—	—	—	76 837	76 837
Balance at 28 February 2015	17 523 617	49 806 844	67 330 461	—	(12 313 511)	55 016 950
Note(s)	14	14	14			



Statement of CASH FLOWS

for the year ended February 2015

Figures in Rand	Note(s)	Group		Company	
		2015	Restated 2014	2015	2014
Cash flows from operating activities					
Cash generated from operations	27	1 494 761	2 878 489	118 222	857 736
Interest income		1 374	38 629	5	1
Finance costs		(984 038)	(911 605)	(1 395)	(748)
Tax received/(paid)	28	86 277	(9 100)	—	—
Net cash from operating activities		598 374	1 996 413	116 832	856 989
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(791 008)	(365 831)	—	—
Proceeds from disposal of property, plant and equipment		4 949	86 442	—	—
Purchase of intangible assets	5	(1 462 978)	(333 776)	—	(6 881)
Loans to group companies		—	—	(210 514)	(1 111 543)
Increase in financial assets		(3 969 231)	—	—	—
Proceeds from financial assets		—	—	—	177 298
Net cash from/(utilised in) investing activities		(6 218 268)	(613 165)	(210 514)	(941 126)
Cash flows from financing activities					
Repayment of other financial liabilities		(3 103 650)	(1 796 161)	—	—
Proceeds from other financial liabilities		9 228 570	—	—	—
Net cash (utilised in)/from financing activities		6 124 920	(1 796 161)	—	—
Total cash movement for the year		505 026	(412 912)	(93 682)	(84 137)
Cash at the beginning of the year		(4 002 695)	(3 589 783)	(83 137)	1 000
Total cash at end of the year	13	(3 497 669)	(4 002 695)	(176 819)	(83 137)



Accounting **POLICIES**

for the year ended February 2015

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and their interpretations adopted by the International Accounting Standards Board, the Financial Reporting Guides issued by the Accounting Practices Committee of South African Institute of Chartered Accountants, the Listing Requirements of the JSE Limited and the Companies Act. The annual financial statements have been prepared on the historical cost basis, except for the cash flow information which is measured on a cash basis and land and buildings which is measured at fair value and incorporate the principal accounting policies set out below.

Except for the adoption of the new and revised accounting standards, the principal accounting policies of the group are consistent with those applied in the audited consolidated financial statements for the year ended 28 February 2014.

The annual financial statements are presented in South African Rands, which is the company's functional currency.

Standards and Interpretations effective in 2015:

A full list of standards that will become effective in the next financial year is disclosed in Note 2.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all entities, including special purpose entities, which are controlled by the company.

Control exists when the company has the power over the investee, exposure, or rights, to variable returns from involvement with the investee and the ability to use power over the investee to affect the amount of the investor's returns.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

Imbalie Beauty Limited and its subsidiaries determines whether a transaction or other event is a business combination by applying the definition in accordance with IFRS 3 which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the reporting entity accounts for the transaction or other event as an asset acquisition.

The group accounts for each business combination by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer;
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising and measuring goodwill or a gain from a bargain purchase.

The company (acquirer) measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition.

Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not effected against goodwill, unless they can be accurately measured in the period.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 – *Business combinations* are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that



are classified as held-for-sale in accordance with IFRS 5 – *Non-current assets held-for-sale and discontinued operations*, which are recognised at fair value less costs to sell.

The Group reconsiders the application of acquisition accounting for business combinations in accordance to IFRS 3. Major changes relating to the measurement of the non-controlling interests and the accounting for business combinations are achieved in stages and this will include treatment of contingent consideration and acquisition-related costs. Any previously held equity interest identified in this stage in the acquiree is revalued to its acquisition date fair value. Any changes to contingent consideration classified as a liability at the acquisition date are recognised in profit and loss. Acquisition-related costs are expensed in the period incurred.

The Group recognises as of the acquisition date a contingent liability assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Upon disposal, the attributable carrying value of goodwill is included in the calculation of the profit or loss on disposal.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases.

Investments in subsidiaries are carried at cost less impairment adjustments in the Company's separate financial statements.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Management used the most relevant information that is available and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Significant judgements include:

Trade receivables and loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on an asset by asset basis, based on historical loss ratios and other indicators present at the reporting date that correlate with defaults on the portfolio.

Allowance for slow moving, damaged and obsolete inventory

An allowance for inventory to write inventory down to the lower of cost or net realisable value is made.

Management have made estimates of the selling price and direct cost to sell on certain inventory items.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.



Accounting **POLICIES** continued

for the year ended February 2015

1. **PRESENTATION OF ANNUAL FINANCIAL STATEMENTS** continued

2. **Significant judgements and sources of estimation uncertainty** continued

Taxation continued

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future.

Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Goodwill

Goodwill is tested annually for impairment. The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

Property, plant and equipment and intangible assets

Management has applied its judgement in assessing the useful life and the residual value of property, plant and equipment and intangible assets as presented in the accounting policies. The residual values, useful lives and depreciation methods applied to assets are reviewed at each financial year-end based on relevant market information and management consideration.

1.3 **Property, plant and equipment**

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Revaluations are made with sufficient regularity with regard to land and buildings such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised initially against the revaluation surplus and once the total revaluation surplus is utilised the remainder against profit or loss in the current period. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation surplus in equity.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised this will not affect profit or loss subsequently.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment is depreciated on the straight line basis over their expected useful lives to their estimated residual value. Land and buildings is revalued once a year.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.



The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	60 years
Plant and machinery	5 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	6 years
IT equipment	3 years
Leasehold improvements	Period of lease
Laser equipment	5 years
Promotional equipment	4 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and

- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.

Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values, which is assessed annually, as follows:

Item	Useful life
Trademark and website costs	10 years
Perfect 10 trademark and franchise agreements	Indefinite
Computer software	3 years

1.5 Investments in subsidiaries

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.



Accounting **POLICIES** continued

for the year ended February 2015

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS continued

1.6 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when its contractual obligations are discharged or cancelled or expire.

Fair value determination

If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write-off is made against the relevant allowance account.

Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to/(from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables measured at amortised cost.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Loans to shareholders

These financial assets are classified as loans and receivables and are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.



Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently at amortised cost.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Other financial liabilities

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest rate method.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected

to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

The directors assessed that the tax losses will be recovered based on profitability forecasts.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.



Accounting **POLICIES** continued

for the year ended February 2015

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS continued

1.7 Tax continued

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

Inventory consist of stock on hand and stores held for sale in ordinary cause of business.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time of every period; and
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.



If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any revaluation asset surplus recognised on the asset.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical

care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.13 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Future expenditure is discounted at the pre-tax discount rate reflecting the market assessment of the time value of money adjusted for risks associated with the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset.

The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised at the lower of costs to fulfil the contract and measured as a provision.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.



Accounting **POLICIES** continued

for the year ended February 2015

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS continued

1.14 Earnings per share and headline earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue for any dilutive effects.

The calculation of headline earnings per share is based on the net profit attributable to equity holders, after excluding all items of a non-trading nature, divided by the weighted average number of ordinary shares in issue during the year.

The presentation of headline earnings is not an IFRS requirement, but is required by the JSE Limited.

1.15 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.16 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.17 Borrowing costs

There are no borrowing costs that qualify to be capitalised, therefore all borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items, that are measured in terms of historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.



Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.19 Statement of cash flows

The statement of cash flows is prepared on the indirect method.

1.20 Segmental reporting

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or

aggregations of operating segments that meet specific criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker.

Therefore the group determines and presents its operating segments based on the information that is internally provided to the Chief Executive Officer, who is the chief operating decision maker.

Furthermore a segment is a distinguishable component of the group that is engaged either in providing related products or services (business segment), in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of the other segments.

The group does not have different operating segments. The business is conducted in South Africa and is managed at a central head office with no branches. The group is managed as one operating unit.

All revenues from external customers originate in South Africa.

The Standard on Segment reporting will not be implemented as Imbalie Beauty Limited has only one segment.



Notes to the ANNUAL FINANCIAL STATEMENTS

for the year ended February 2015

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 10 - Consolidated Financial Statements

IFRS 10 exception to the principle that all subsidiaries must be consolidated. Entities meeting the definition of 'Investment Entities' must account for investments in subsidiaries at fair value under IFRS 9 - *Financial Instruments*, or IAS 39 - *Financial Instruments: Recognition and Measurement*.

The effective date of the standard is for years beginning on or after 1 January 2014.

The group has adopted the standard for the first time in the 2015 annual financial statements.

The impact of the standard is not material.

IAS 36 - Impairment of Assets

Amendments to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

The effective date of the amendment is for years beginning on or after 1 January 2014.

The group has adopted the amendment for the first time in the 2015 annual financial statements.

The impact of the standard is not material.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2015 or later periods:

IFRS 9 - Financial Instruments

A finalised version of IFRS 9 has been issued which replaces IAS 39 - *Financial Instruments: Recognition and Measurement*. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition:

IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cashflow characteristics. A new business model

was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.

The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets.

IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity. In addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements.

IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.

The effective date of the amendment is for years beginning on or after 1 January 2018.

The company expects to adopt the amendment for the first time in the 2019 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IFRS 9 - Financial Instruments

Annual Improvements 2010 - 2012 Cycle:

Amendments to the measurement requirements for all contingent consideration assets and liabilities included under IFRS 9.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The company expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IFRS 10 - Consolidated Financial Statements

Investment Entities: Applying the Consolidation Exception: Narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities.

The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.



The effective date of the amendment is for years beginning on or after 1 January 2016.

The company expects to adopt the amendment for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IFRS 11 – Joint Arrangements

Amendments adding new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The company expects to adopt the amendment for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IFRS 12 – Disclosure of Interests in Other Entities

Investment Entities: Applying the Consolidation Exception: Narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities.

The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The company expects to adopt the amendment for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IFRS 13 – Fair Value Measurement

Annual Improvements 2010 – 2012 Cycle: Amendments to clarify the measurement requirements for those short-term receivables and payables

Annual Improvements 2011 – 2013 Cycle: Amendments to clarify that the portfolio exception applies to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The company expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IFRS 15 – Revenue from Contracts from Customers

New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.

- The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.
- The new standard supersedes:
 - (a) IAS 11 – *Construction Contracts*;
 - (b) IAS 18 – *Revenue*;
 - (c) IFRIC 13 – *Customer Loyalty Programmes*;
 - (d) IFRIC 15 – *Agreements for the Construction of Real Estate*;
 - (e) IFRIC 18 – *Transfers of Assets from Customers*; and
 - (f) SIC-31 – *Revenue-Barter Transactions Involving Advertising Services*.

The effective date of the amendment is for years beginning on or after 1 January 2017.

The company expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IAS 1 – Presentation of Financial Statements

Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements.

Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The company expects to adopt the amendment for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.



Notes to the **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended February 2015

2. NEW STANDARDS AND INTERPRETATIONS continued

2.2 Standards and interpretations not yet effective continued

IAS 16 – Property, Plant and Equipment

Annual Improvements 2010 – 2012 Cycle:
Amendments to the Revaluation method – proportionate restatement of accumulated depreciation.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The company expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IAS 27 – Consolidated and Separate Financial Statements

Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The company expects to adopt the amendment for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IAS 38 – Intangible Assets

Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset.

Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The company expects to adopt the amendment for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IFRS 2 – Share based payments

Annual Improvements 2010 – 2012 Cycle:
Amendments added the definitions of performance conditions and service conditions and amended the definitions of vesting conditions and market conditions.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the standard will have a material impact on the group's annual financial statements.

IFRS 3 – Business Combinations

Annual Improvements 2010 – 2012 Cycle:
Amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9.

Annual Improvements 2011 – 2013 Cycle:
Amendments to the scope paragraph for the formation of a joint arrangement.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the standard will have a material impact on the group's annual financial statements.

IFRS 8 – Operating Segments

Annual Improvements 2010 – 2012 Cycle:
Amendments to some disclosure requirements regarding the judgements made by management in applying the aggregation criteria, as well as those to certain reconciliations.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the standard will have a material impact on the group's annual financial statements.

IAS 19 – Employee Benefits

Amendments to Defined Benefit Plans: Employee Contributions whereby the requirements in IAS 19 for contributions from employees or third parties that are linked to service have been amended.

The effective date of the amendment is for years beginning on or after 1 July 2014.



The group expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the standard will have a material impact on the group's annual financial statements.

IAS 38 – Intangible Assets

Annual Improvements 2010 – 2012 Cycle:
Amendments to the Revaluation method – proportionate restatement of accumulated depreciation.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the standard will have a material impact on the group's annual financial statements.

IAS 40 – Investment Property

Annual Improvements 2011 – 2013 Cycle: Amendments to clarify the interrelationship between IFRS 3 and

IAS 40 when classifying property as investment property or owner-occupied property.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the standard will have a material impact on the group's annual financial statements.

IAS 24 – Related Party Disclosures (Revised)

Annual Improvements 2010 – 2012 Cycle:
Amendments to the definitions and disclosure requirements for key management personnel.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the standard will have a material impact on the group's annual financial statements.



Notes to the ANNUAL FINANCIAL STATEMENTS continued

for the year ended February 2015

3. PROPERTY, PLANT AND EQUIPMENT

Figures in Rand	2015			2014		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Group						
Land and buildings	2 000 000	—	2 000 000	1 700 000	—	1 700 000
Furniture and fixtures	997 079	(675 811)	321 268	991 282	(573 596)	417 686
Motor vehicles	995 331	(508 873)	486 458	927 062	(535 114)	391 948
Office equipment	696 061	(575 241)	120 820	739 030	(536 675)	202 355
IT equipment	955 205	(791 726)	163 479	944 854	(685 237)	259 617
Leasehold improvements	303 423	(41 336)	262 087	50 811	(27 835)	22 976
Laser equipment	3 318 881	(2 759 595)	559 286	3 093 281	(2 347 813)	745 468
Promotional equipment	47 556	—	47 556	52 505	—	52 505
Total	9 313 536	(5 352 582)	3 960 954	8 498 825	(4 706 270)	3 792 555

Reconciliation of property, plant and equipment – Group – 2015

Figures in Rand	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land and buildings	1 700 000	—	—	300 000	—	2 000 000
Furniture and fixtures	417 686	6 669	(145)	—	(102 942)	321 268
Motor vehicles	391 948	287 578	(54 606)	—	(138 462)	486 458
Office equipment	202 355	—	(6 714)	—	(74 821)	120 820
IT equipment	259 617	10 350	—	—	(106 488)	163 479
Leasehold improvements	22 976	260 811	—	—	(21 700)	262 087
Laser equipment	745 468	225 600	—	—	(411 782)	559 286
Promotional equipment	52 505	—	(4 949)	—	—	47 556
	3 792 555	791 008	(66 414)	300 000	(856 195)	3 960 954



Reconciliation of property, plant and equipment – Group – 2014

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	1 700 000	–	–	–	1 700 000
Plant and machinery	369	–	(369)	–	–
Furniture and fixtures	375 420	157 469	(24 416)	(90 787)	417 686
Motor vehicles	453 401	141 524	(116 149)	(86 828)	391 948
Office equipment	302 624	5 052	(11 913)	(93 408)	202 355
IT equipment	332 572	19 566	(49 316)	(43 205)	259 617
Leasehold improvements	28 259	–	(223)	(5 060)	22 976
Laser equipment	1 158 115	–	(65 681)	(346 966)	745 468
Promotional equipment	29 382	42 220	(19 097)	–	52 505
	4 380 142	365 831	(287 164)	(666 254)	3 792 555

Figures in Rand	Group		Company	
	2015	2014	2015	2014
Pledged as security				
Carrying value of assets pledged as security:				
Details of properties				
Sandolien Complex Unit no 49 The Hoewes Ext 187, Centurion				
Land: cost	180 000	180 000	–	–
Building: cost	420 000	420 000	–	–
Revaluation	350 000	150 000	–	–
Balance at year end	950 000	750 000	–	–
Carnegie Park Unit no 24 Hennospark Ext 9, Centurion				
Land: cost	250 000	250 000	–	–
Building: cost	650 000	650 000	–	–
Revaluation	150 000	50 000	–	–
Balance at year end	1 050 000	950 000	–	–
The carrying value of the assets encumbered are as follows:				
Land and buildings	2 000 000	1 700 000	–	–
Motor vehicles	486 458	391 948	–	–
IT equipment	163 479	259 617	–	–
	2 649 937	2 351 565	–	–

The effective date of the revaluation was 28 February 2015. Revaluations were performed by an independent valuer, ABSA Bank Limited, who is independent from the group.

IFRS 13 Disclosures

Recurring fair value	Fair Value	Unobservable input (Level 3)	Valuation technique
2015:			
Land and buildings	R2 000 000	R2 000 000	Discounted cash flow
2014:			
Land and buildings	R1 700 000	R1 700 000	Discounted cash flow
Reconciliation of land and buildings	Opening balance	Unrealised gains recognised in other comprehensive income	Closing balance
2015:	R1 700 000	R300 000	R2 000 000
2014:	R1 700 000	–	R1 700 000



Notes to the ANNUAL FINANCIAL STATEMENTS continued

for the year ended February 2015

4. GOODWILL

Figures in Rand	2015			2014		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Group						
Goodwill	6 808 807	—	6 808 807	6 808 807	—	6 808 807

Reconciliation of goodwill

	Opening balance	Total
Group		
2015		
Goodwill	6 808 807	6 808 807
2014		
Goodwill	6 808 807	6 808 807

Goodwill was tested for impairment, based on the assumptions detailed below:

Key assumptions used in value-in-use calculations include budgeted margins and budgeted franchise revenue streams relating to the specific brand below. The assumptions are based on all historical results for the brand as well as the individual branded salons adjusted for the anticipated future growth of 9% per annum which is the average growth factor per management's judgement over a period of 5 years and at a WACC of 17%.

These assumptions are a reflection of management's past experience in the market in which these units operate. The impairment calculations were tested for sensitivity to significant changes in the key assumptions used. The basis for the sensitivity analysis was a reduction of up to 5% in the forecasted operating profit used in the value-in-use calculation and a reduction of 2% of the weighted average cost of capital. The sensitivity analysis did not result in any impairment.

Based on the above assumptions, management's calculations of recoverable amounts were greater than the carrying amounts.

Goodwill arose as a result of:

Acquisition of Placecol Fresh Beauty (Pty) Limited	R3 249 163
Acquisition of Dream Nails Beauty (Pty) Limited	R3 559 644
Total	R6 808 807

5. INTANGIBLE ASSETS

Figures in Rand	2015			2014		
	Cost/ Valuation	Accumulated amortisation	Carrying value	Cost/ Valuation	Accumulated amortisation	Carrying value
Group						
Perfect 10 trademark and franchise agreements	14 340 000	—	14 340 000	14 340 000	—	14 340 000
Computer software	142 747	(101 072)	41 675	207 014	(136 763)	70 251
Trademark and website costs	3 007 360	(386 059)	2 621 301	1 562 086	(215 534)	1 346 552
Total	17 490 107	(487 131)	17 002 976	16 109 100	(352 297)	15 756 803
Company						
Trademark and website costs	101 145	(28 900)	72 245	101 145	(18 785)	82 360



Reconciliation of intangible assets - Group

Figures in Rand	Opening balance	Additions	Amortisation	Total
2015				
Perfect 10 trademark and franchise agreements	14 340 000	—	—	14 340 000
Computer software	70 251	17 704	(46 280)	41 675
Trademark and website costs	1 346 552	1 445 274	(170 525)	2 621 301
Total	15 756 803	1 462 978	(216 805)	17 002 976
2014				
Perfect 10 trademark and franchise agreements	14 340 000	—	—	14 340 000
Computer software	103 678	27 119	(60 546)	70 251
Trademark and website costs	1 166 916	306 657	(127 021)	1 346 552
Total	15 610 594	333 776	(187 567)	15 756 803

Reconciliation of intangible assets - Company

Figures in Rand	Opening balance	Additions	Amortisation	Total
2015				
Trademark and website costs	82 360	—	(10 115)	72 245
2014				
Trademark and website costs	85 237	6 881	(9 758)	82 360

Other information

Recoverability of the intangible assets with an indefinite useful life:

The Perfect 10 business is a Beauty Franchised Group of 57 beauty studios nationally. The franchise is 12 years old and growing rapidly. The trademark and franchise agreements is tested for impairment on a yearly basis.

An impairment test was done at year end using the discounted cash flow method over a period of 5 years. Revenue growth was calculated at 9% and expenses at a growth of 6% and a discounted rate of 17%. No impairment was attributed to the Perfect 10 trademark and franchise agreements.

Cash flows were projected on actual operating results. Cash flows were extrapolated into perpetuity using a related and applicable terminal growth rate per intangible. Management believes that this was justified due to the nature of the industries the group and its subsidiaries operate in. Tax rates and discounted rates utilised in the calculation varied as per the applicable calculation.

The impairment calculations were tested for sensitivity to significant changes in the key assumptions used. The basis for the sensitivity analysis was a reduction of up to 5% in the forecasted operating profit used in the value-in-use calculation and a reduction of 2% of the weighted average cost of capital. The sensitivity analysis did not result in any impairment.



Notes to the **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended February 2015

6. INVESTMENTS IN SUBSIDIARIES

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Name of company	% holding	% holding	Carrying amount	Carrying amount
	2015	2014	R	R
Placecol Fresh Beauty (Pty) Limited	100	100	11 163 951	11 163 951
Dream Nails Beauty (Pty) Limited	100	100	5 406 425	5 406 425
Placecol Skin Care Clinic (Pty) Limited	100	100	—	—
Enjoy Beauty (Pty) Limited	100	100	—	—
Imbalie Innovvation (Pty) Limited	100	100	—	—
Imbalie Beauty Training Academy (Pty) Limited	100	100	—	—
			16 570 376	16 570 376

The carrying amounts of subsidiaries are shown net of impairment losses. There were no impairment of subsidiaries.

It is management's policy to review each investment annually for impairment by assessing the carrying value of the investment against the value in use.

7. LOANS TO GROUP COMPANIES

Figures in Rand	Group		Company	
	2015	2014	2015	2014
Subsidiaries				
Placecol Fresh Beauty (Pty) Limited	—	—	36 444 513	36 234 004
The loans are unsecured, bears no interest and has no fixed repayment terms.				
Non-current assets	—	—	—	—
Current assets	—	—	36 444 513	36 234 004
	—	—	36 444 513	36 234 004

Credit quality of loans to Group companies

The credit quality of loans to Group companies are assessed with reference to the repayment history of the companies. The companies have not defaulted on any contractual obligations in prior periods, a credit rating of high has been ascribed to the companies. The cash is receivable only at managements request as the company is a 100% controlled subsidiary and thus the risk that the subsidiary would not repay the funds at the insistence of management is remote. The companies maximum exposure to credit risk with regards to the loans to group companies are as detailed above.

Fair value of loans to and from Group companies

No repayment terms exist, therefore the Group loans are short term in nature. The carrying values of the loans to group companies approximate their fair values. The loans to the group companies have not been pledged as security for any other financial obligations.

Loans to Group companies past due but not impaired

Loans to Group companies have no fixed terms of repayment and are therefore not past due. The maximum exposure to credit risk at the reporting date is the fair value of each class of disclosed above.

The loans to Group companies are considered to be neither past due nor impaired and subsequently no provisions were created for the irrecoverability of any portion (or the whole) of the loans to group companies. The terms of the loans to group companies have not been renegotiated during the year.

Loans to Group companies impaired

As of 28 February 2015, no loans to Group companies were impaired.



8. OTHER FINANCIAL ASSETS

Figures in Rand	Group		Company	
	2015	2014	2015	2014
Loans and receivables				
Student loans	175 309	432 726	—	—
The student loans bear no interest and are repayable within 3 years after completion of the studies. All student loans will be due during the next twelve months.				
Placecol Mountain Mill	151 699	—	—	—
This loan agreement bears interest at prime. The current monthly instalment is R7 786 and is repayable over a period of 24 months.				
Loans made in respect of outlets franchised	139 508	957 141	50 000	50 000
No interest is charged, the loans are payable within 12 months.				
Dream Inventions (Pty) Limited	3 969 229	—	—	—
This loan agreement bears no interest and is expected to be paid within 12 months. Any proceeds from the resale of business will be paid to Placecol Fresh Beauty (Pty) Limited.				
	4 435 745	1 389 867	50 000	50 000
Non-current assets				
Loans and receivables	68 811	—	—	—
Current assets				
Loans and receivables	4 366 934	1 389 867	50 000	50 000
	4 435 745	1 389 867	50 000	50 000

Fair value information

There are no differences between the fair value of the loans and their carrying amounts.

Loans and receivables past due but not impaired

Loans and receivables which are less than 3 months past due are not considered to be impaired. At 28 February 2015, no loans were past due and impaired.

Reconciliation of provision for impairment of loans and receivables

There are no provisions made (allowance accounts) for the impairment of the loans and receivables, therefore there are no movements for allowance.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The Group does not hold any collateral as security.

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates, and therefore is assessed as medium. The medium risk is attributable to the risk that some of the loans might not be recoverable over the long term due to the tough economic environment and due to students who are low income employees that pay off their loans over a longer period. The risks are however addressed on a regular basis and if necessary provisions for bad debts will be made.



Notes to the ANNUAL FINANCIAL STATEMENTS continued

for the year ended February 2015

9. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Figures in Rand	Loans and receivables		Total	
	2015	2014	2015	2014
Group				
Other financial assets	4 435 745	1 389 867	4 435 745	1 389 867
Trade and other receivables	9 774 927	9 963 818	9 774 927	9 963 818
Cash and cash equivalents	226 851	297 109	226 851	297 109
	14 437 523	11 650 794	14 437 523	11 650 794
Company				
Loans to group companies	36 444 513	36 234 004	36 444 513	36 234 004
Other financial assets	50 000	50 000	50 000	50 000
Cash and cash equivalents	1 005	1 001	1 005	1 001
	36 495 518	36 285 005	36 495 518	36 285 005

10. DEFERRED TAX

Figures in Rand	Group		Company	
	2015	2014	2015	2014
Deferred tax asset				
Tax losses	9 765 265	9 498 425	2 056 629	2 086 510
Provision for doubtful debt	129 865	78 954	—	—
Leave pay	68 601	68 460	—	—
Lease straightening	51 169	103 495	—	—
Revaluation of land and buildings	(93 329)	(37 335)	—	—
Capital allowances	—	(7 832)	—	—
Provision for future store build	543 946	—	—	—
Prepayments	(182 987)	(191 142)	—	—
	10 282 530	9 513 025	2 056 629	2 086 510
Reconciliation of deferred tax asset/(liability)				
At beginning of year	9 513 025	10 070 848	2 086 510	2 323 735
Decrease in tax losses available for set off against future taxable income	266 841	(487 059)	(29 881)	(237 225)
Other originating and reversing temporary differences	502 664	(70 764)	—	—
	10 282 530	9 513 025	2 056 629	2 086 510

Recognition of deferred tax asset

The directors assessed the deferred tax assets per individual subsidiary and based on future budgeted figures, the group as well as each individual subsidiary expects to be profitable. In the current financial year the group invested in the development of new skin care brands, which will enhance the companies brand and generate future revenue streams. The group is also focused on opening new salons to expand the brand, generating future revenue in the form of product sales, royalties and franchise fees, as well as expand product distribution in the current salons. The group has the ability and likelihood to recover the deferred tax asset over the foreseeable future on the above operational plans and profitability forecasts.

Figures in Rand	Group		Company	
	2015	2014	2015	2014
Deferred tax assets/(liabilities)				
Non-current assets	10 558 846	9 749 334	2 056 629	2 086 510
Non-current liabilities	(276 316)	(236 309)	—	—
	10 282 530	9 513 025	2 056 629	2 086 510



Figures in Rand	Group		Company	
	2015	2014	2015	2014
11. INVENTORIES				
Raw materials, components	1 017 904	—	—	—
Stock on hand	9 594 800	9 753 412	—	—
Stores held for sale	8 634 954	10 035 974	—	—
	19 247 658	19 789 386	—	—
12. TRADE AND OTHER RECEIVABLES				
Trade receivables	9 276 624	9 584 196	—	—
Deposits	498 303	308 372	—	—
VAT	300 623	—	—	—
Prepaid expenses	1 638 510	682 650	—	—
	11 714 060	10 575 218	—	—

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information. None of the financial assets that are fully performing have been renegotiated in the last year, therefore the credit rating of the trade and other receivables are assessed as medium. Trade receivables are non-interest bearing.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates its carrying value due to its short-term nature.

Trade and other receivables past due but not impaired

At 28 February 2015, R6 092 449 (2014: R5 018 256) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Figures in Rand	Group		Company	
	2015	2014	2015	2014
30 – 60 days	1 818 187	2 466 893	—	—
60 – 90 days	839 757	697 797	—	—
90 – 120 days	1 390 160	750 103	—	—
120+ days	2 044 345	1 103 463	—	—
Total	6 092 449	5 018 256	—	—

Trade and other receivables provided for

As of 28 February 2015, trade and other receivables of R618 404 (2014: R375 697) were impaired and provided for

Movement in the provision for impairment of receivables were as follows:

Opening balance	375 970	197 814	—	—
Provision for the year	735 600	571 067	—	—
Utilised during the year	(493 166)	(393 184)	—	—
Closing balance	618 404	375 697	—	—



Notes to the **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended February 2015

13. CASH AND CASH EQUIVALENTS

Figures in Rand	Group		Company	
	2015	2014	2015	2014
Cash and cash equivalents consist of:				
Cash on hand	153 419	115 474	—	—
Bank balances	73 432	181 635	1 005	1 001
Bank overdraft	(3 724 520)	(4 299 804)	(177 819)	(84 137)
	(3 497 669)	(4 002 695)	(176 814)	(83 136)
Current assets	226 851	297 109	1 005	1 001
Current liabilities	(3 724 520)	(4 299 804)	(177 819)	(84 137)
	(3 497 669)	(4 002 695)	(176 814)	(83 136)

Placecol Skin Care Clinic (Pty) Limited has an approved facility for guarantees to the value of R1 517 884 as reviewed and updated on 28 February 2015.

Credit quality of cash at bank and short term deposits, excluding cash on hand.

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. None of the financial institutions with which bank balances are held defaulted in prior periods and as a result a credit rating of high are ascribed to the financial institutions. The group's maximum exposure to credit risk as a result of the bank balances held is limited to the carrying value of these balances as detailed above.

Fair value of cash and cash equivalents

There is no difference between the fair value of the cash and cash equivalents and their carrying value.

14. SHARE CAPITAL

Figures in Rand	Group		Company	
	2015	2014	2015	2014
Authorised				
500 000 000 Ordinary shares of 1 cent each	50 000	50 000	—	—
Reconciliation of number of shares issued:				
Reported as at 1 March 2014	345 547 773	345 547 773	—	—
There were no changes in the authorised share capital of the company during the year under review.				
Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.				
Issued				
Ordinary	17 523 617	17 523 617	17 523 617	17 523 617
Share premium	49 806 844	49 806 844	49 806 844	49 806 844
	67 330 461	67 330 461	67 330 461	67 330 461



15. REVALUATION RESERVE

Figures in Rand	Group		Company	
	2015	2014	2015	2014
The asset revaluation reserve is used to account for revaluations of land and building.				
Opening balance	162 665	162 665	—	—
Revaluation surplus net of taxation	244 006	—	—	—
Closing balance	406 671	162 665	—	—

16. OTHER FINANCIAL LIABILITIES

Held at amortised cost

Other bank loans

These loan agreements bear interest at an average effective rate of 13,33% (2014: 13,45%) per annum. The current monthly instalment is R88 108 (2014: R107 577) and is repayable over a period of 24 to 60 months.

2 177 004	1 009 660	—	—
-----------	-----------	---	---

Instalment sale agreements

These instalment sale agreements bear interest at an average effective rate of 9,34% per annum. The current monthly instalment is R68 955 (2014: R66 192) and is repayable over a period of 48 to 60 months.

4 804 065	3 222 247	—	—
-----------	-----------	---	---

BHW Consulting (Pty) Limited

The loan is repayable in 36 months and bears interest at the rate of 8%. The rate will always exceed the call deposit rate of Investec Bank Limited by at least 50 basis points.

1 801 180	3 464 320	—	—
-----------	-----------	---	---

Giyatri Paper Mills (Pty) Limited

The loan bears interest at the prime lending rate and is repayable in 60 monthly instalments. The loan is secured by a suretyship by W de Wet and WP van der Merwe and a pledge of all the shares in Placecol Fresh Beauty (Pty) Limited.

5 197 822	598 426	—	—
-----------	---------	---	---

Mortgage bonds

ABSA mortgage bonds bear interest at an average rate of 6,95% (2014: 6,95%) per annum. The current monthly instalment is R11 326 (2014: R11 326). The loans are secured by land and buildings with a carrying amount of R2 000 000 (2014: R1 700 000).

993 844	1 055 633	—	—
---------	-----------	---	---

Franchise stores: Placecol Riversquare and Placecol Garden Route (2014: Placecol Richardsbay, Placecol Riversquare, Placecol Flamwood, Placecol Vaal Mall and Dream Nails Eastgate)

These loans are payable at a fixed monthly instalment of R60 000 (2014: R98 500), bear no interest and is repayable in 12 months.

1 020 000	518 709	—	—
-----------	---------	---	---

The loans relate to the repayment of the individual Placecol Skin Care Clinics purchased back as corporate owned stores during 2012 to 2015.

15 993 915	9 868 995	—	—
------------	-----------	---	---



Notes to the ANNUAL FINANCIAL STATEMENTS continued

for the year ended February 2015

16. OTHER FINANCIAL LIABILITIES continued

Figures in Rand	Group		Company	
	2015	2014	2015	2014
Non-current liabilities				
At amortised cost	12 322 710	5 657 150	—	—
Current liabilities				
At amortised cost	3 671 205	4 211 834	—	—
	15 993 915	9 868 984	—	—
The fair values of the financial liabilities were determined as follows:				
Fair value information				
The fair value of interest free loans were determined by discounting the loans to its present value at a discounted rate of 17% over a period of one year. There are no differences between the fair value of the loans and their carrying amounts				
Instalment sale agreements				
Payments due within one year	827 462	813 586	—	—
Payments due in second to fifth year inclusive	5 844 136	3 147 590	—	—
Less: Future finance costs	(1 867 532)	(738 930)	—	—
	4 804 066	3 222 246	—	—
17. TRADE AND OTHER PAYABLES				
Trade payables	7 304 863	6 108 462	—	—
VAT	54 671	211 431	—	—
Accrual shopfitting	883 514	551 397	—	—
Payroll accruals	1 847 323	1 469 206	—	—
Deposits received	1 092 116	255 828	—	—
Other payables	897 058	1 018 420	—	—
	12 079 545	9 614 744	—	—

Fair value of trade and other payables

Trade and other payables are short term in nature. The carrying amount of trade and other payables represents the fair value.



18. FINANCIAL LIABILITIES BY CATEGORY

Figures in Rand

	2015	2014	2015	2014
	Financial liabilities at amortised cost		Total	
The accounting policies for financial instruments have been applied to the line items below:				
Group				
Other financial liabilities	15 993 915	9 868 994	15 993 915	9 868 994
Trade and other payables	10 177 551	9 090 637	10 177 551	9 090 637
Bank overdraft	3 724 520	4 299 804	3 724 520	4 299 804
	29 895 986	23 259 435	29 895 986	23 259 435
Company				
Bank overdraft	177 819	84 137	177 819	84 137
19. REVENUE				
Sale of goods	73 626 719	67 776 079	1 920 000	1 113 664
Royalty and other income	18 258 858	19 604 985	—	—
	91 885 577	87 381 064	1 920 000	1 113 664
20. COST OF SALES				
Sale of goods				
Cost of goods sold	33 830 716	30 203 061	—	—
Rendering of services				
Cost of services	4 515 998	4 035 078	—	—
	38 346 714	34 238 139	—	—
21. OPERATING PROFIT				
Operating (loss)/profit for the year is stated after accounting for the following:				
Operating lease charges				
— Premises	7 315 211	6 709 903	—	—
— Equipment	1 261 011	674 370	—	—
	8 576 222	7 384 273	—	—
Loss on sale of property, plant and equipment	(61 465)	(200 718)	—	—
Profit on exchange differences	—	235 504	—	—
Amortisation on intangible assets	216 805	187 567	—	—
Depreciation on property, plant and equipment	856 195	666 254	10 115	9 758
Employee costs	21 632 954	22 894 077	—	—
22. INVESTMENT REVENUE				
Interest revenue				
Franchised stores	4	27 448	—	—
Bank	1 370	11 181	5	1
	1 374	38 629	5	1
23. FINANCE COSTS				
Other financial liabilities	889 834	818 098	—	—
Bank	1 395	748	1 395	748
Mortgage bonds	92 809	92 759	—	—
	984 038	911 605	1 395	748



Notes to the ANNUAL FINANCIAL STATEMENTS continued

for the year ended February 2015

24. TAXATION

Figures in Rand	Group		Company	
	2015	2014	2015	2014
Major components of the tax expense/(income)				
Deferred				
Originating and reversing temporary differences	(825 500)	557 826	29 881	237 225
Reconciliation of the tax expense	%	%	%	%
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	(28,00)	28,00	28,00%	28,00
Assessed losses previously not recognised	—	(7,70)	—	—
Other	2,40	—	—	0,16
	(25,60)	20,30	28,00%	28,16

25. AUDITORS' REMUNERATION

Fees	605 468	538 342	605 468	—
------	---------	---------	---------	---

26. EARNINGS PER SHARE

Figures in Rand	Group	
	2015	2014
Basic (loss)/earnings per share	(0,69)	0,63
Basic (loss)/earnings per share is based on (loss)/earnings of (R2 401 030) (2014: R2 193 313) and weighted average number of ordinary shares of 345 547 773 (2014: 345 547 773)		
(Loss)/profit for the year attributable to equity holders of the parent	(2 401 030)	2 193 313
Reconciliation of basic earnings to earnings used to determine diluted earnings per share		
Basic (loss)/earnings	(2 401 030)	2 193 313
Diluted (loss)/earnings per share (cents)	(0,69)	0,63
Headline (loss)/earnings per share		
Headline (loss)/earnings per share (cents)	(0,68)	0,68
Reconciliation between earnings and headline earnings		
(Loss)/profit attributable to ordinary equity holders of the parent entity	(3 226 530)	2 751 139
Add IAS 16 loss on the disposal of plant and equipment	61 465	200 718
Headline (loss)/earnings before taxation	(3 165 065)	2 951 857
Taxation relating to (loss)/profit attributable to ordinary equity holders of the parent entity	825 500	(557 826)
Taxation relating to IAS 16 loss on the disposal of plant and equipment	(17 210)	(56 201)
Headline (loss)/earnings after taxation	(2 356 775)	2 337 830
Diluted headline (loss)/earnings per share	(0,68)	0,68
Reconciliation between diluted earnings and diluted headline earnings		
(Loss)/profit attributable to ordinary equity holders of the parent entity	(3 226 530)	2 751 139
Add IAS 16 loss on the disposal of plant and equipment	61 465	200 718
Headline (loss)/earnings before taxation	(3 165 065)	2 951 857
Taxation relating to profit attributable to ordinary equity holders of the parent entity	825 500	(557 826)
Taxation relating to IAS 16 loss on the disposal of plant and equipment	(17 210)	(56 201)
Headline (loss)/earnings after taxation	(2 356 775)	2 337 830



27. CASH GENERATED FROM/(UTILISED IN) OPERATIONS

Figures in Rand	Group		Company	
	2015	2014	2015	2014
Profit before taxation	(3 226 530)	2 751 139	106 718	847 231
Adjustments for:				
Depreciation and amortisation	1 073 002	853 821	10 114	9 758
Loss (profit) on sale of assets	61 465	200 718	—	—
Interest received	(1 374)	(38 629)	(5)	(1)
Finance costs	984 038	911 605	1 395	748
Movements in operating lease assets and accruals	(186 878)	147 484	—	—
Changes in working capital:				
Inventories	541 728	(4 227 570)	—	—
Trade and other receivables	(1 138 842)	(615 593)	—	—
Trade and other payables	2 464 801	1 397 536	—	—
Proceeds from financial assets	923 351	1 497 978	—	—
	1 494 761	2 878 489	118 222	857 736
28. TAX RECEIVED/(PAID)				
Balance at beginning of the year	86 277	77 177	—	—
Balance at end of the year	—	(86 277)	—	—
	86 277	(9 100)	—	—
29. OPERATING LEASE LIABILITY				
Operating lease accrual	182 747	369 625	—	—

30. CONTINGENCIES

Absa Bank holds the total value of R5 100 000 suretyships for overdraft facilities granted to the group, supplied by:

- Placecol Fresh Beauty (Pty) Limited
- Placecol Skin Care Clinic (Pty) Limited
- Dreamnails Beauty (Pty) Limited
- Imbalie Beauty Training Academy (Pty) Limited
- Imbalie Innovation (Pty) Limited
- Enjoy Beauty (Pty) Limited
- Imbalie Beauty Limited

Absa Bank holds cession of group loan accounts in the following entities:

- Placecol Fresh Beauty (Pty) Limited
- Dreamnails Beauty (Pty) Limited
- Imbalie Beauty Training Academy (Pty) Limited
- Imbalie Innovation (Pty) Limited
- Enjoy Beauty (Pty) Limited
- Imbalie Beauty Limited

Firststrand Bank Limited holds second cession to Imbalie Beauty's debtors until the Bank consents in writing to the cancellation of the Deed (Cession of Debts) to the value of R565 000.

Placecol Skin Care Clinic (Pty) Limited has an approved facility for guarantees to the value of R1 517 884 as reviewed and updated on 28 February 2015.



Notes to the **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended February 2015

31. RELATED PARTIES

Relationships

Subsidiaries	Refer to note 6
Shareholder with significant influence	Reign Capital (Pty) Limited BHW Consulting (Pty) Limited

Salons owned by Board members

HA Lunderstedt and E Colyn	Beauty Flagship (Pty) Limited (Placecol Skin Care Clinic Cresta and Dream Nails Beauty Salon Cresta)
E Colyn	Mundex (Pty) Limited (Placecol Skin Care Clinic Brightwater Commons)
Directors of the company	Ms HA Lunderstedt (non-executive Chairman - resigned 30 April 2015) Mr TJ Schoeman (non-executive director) Mr MM Patel (independent non-executive director) Mr WP van der Merwe (non-executive director, appointed 30 April 2015 as financial and corporate strategy director) Ms E Colyn (Chief Executive Officer) Ms M Malan (financial director - resigned 30 April 2015) Ms P Tladi (independent non-executive director - appointed 1 April 2014)

Figures in Rand	Group		Company	
	2015	2014	2015	2014
Related party balances				
Loans to/(from) subsidiaries				
Placecol Fresh Beauty (Pty) Limited	—	—	36 444 513	36 234 054
Management fees received from related parties				
Placecol Fresh Beauty (Pty) Limited	—	—	1 920 000	—
Loans from shareholders				
Reign Capital (Pty) Limited	(4 461 496)	(3 025 424)	—	—
BHW Consulting (Pty) Limited	(1 801 180)	(3 464 320)	—	—
Royalties received from related parties				
Beauty Flagship (Pty) Limited	372 892	342 871	—	—
Mundex (Pty) Limited	193 732	161 321	—	—
Outstanding debtors from related parties				
Beauty Flagship (Pty) Limited	58 393	45 443	—	—
Mundex (Pty) Limited	29 827	52 399	—	—

The related party transactions were done at arm's length.

Key management personnel emoluments - refer to note 32.

Surityship - refer to note 30.

Directors interest in shareholding of the company are as disclosed in the Directors Report.



32. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS

Figures in Rand	2015		2014	
	Emoluments	Total	Emoluments	Total
Executive				
Ms E Colyn (Chief Executive Officer)	747 000	747 000	600 000	600 000
Ms M Malan (Financial Director - resigned 30 April 2015)	608 140	608 140	576 000	576 000
	1 355 140	1 355 140	1 176 000	1 176 000

Figures in Rand	Directors' fees		Directors' fees	
	fees	Total	fees	Total
Non-executive				
Ms HA Lunderstedt (non-executive Chairman - resigned 30 April 2015)	180 000	180 000	180 000	180 000
Mr TJ Schoeman (non-executive director)	84 000	84 000	84 000	84 000
Mr MM Patel (independent non-executive director)	96 000	96 000	96 000	96 000
Ms P Tladi (independent non-executive director - appointed 1 April 2014)	84 000	84 000	—	—
Mr GSJ van Nieuwenhuizen (independent non-executive director) - resigned 6 February 2014	—	—	77 000	77 000
Mr WP van der Merwe (non-executive director, appointed 30 April 2015 as financial and corporate strategy director)	84 000	84 000	84 000	84 000
	528 000	528 000	521 000	521 000
Prescribed officers				
National sales executive	544 200	544 200	480 000	480 000
Distribution manager	698 400	698 400	562 500	562 500
Marketing manager	346 000	346 000	318 000	318 000
Outlet operations manager	507 180	507 180	390 000	390 000
Human resources manager	307 838	307 838	—	—
	2 403 618	2 403 618	1 750 500	1 750 500

33. RECLASSIFICATIONS

The loans to franchisees and students are considered to be a core part of the business operations; cash flows relating to these financial assets have been reclassified from investing to operating activities in order to better reflect the nature of these items.

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Statement of cash flows

Current year disclosures relating to prior year

Cash flow from operating activities: Proceeds from financial assets	1 497 979
Cash flow from investing activities: Proceeds from financial assets	—

Prior year disclosure

Cash flow from investing activities: Proceeds from financial assets	1 497 979
---	-----------



Notes to the **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended February 2015

34. RISK MANAGEMENT

Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments considering changes in economic conditions and the needs of the group. No changes were made to the objectives, policies or processes during the year ended 28 February 2015.

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain the future development of the business. The board of directors monitors the return on capital, which the group defines as total capital and reserves, and the level of dividends to ordinary shareholders.

There are no externally imposed capital requirements.

Financial risk management

The board of directors has the overall responsibility for the establishment and oversight of the group's risk management framework.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies and systems are reviewed regularly to reflect changes in market conditions and activities.

The group's financial instruments consists mainly of deposits with banks, accounts receivables and payables, loans to and from subsidiaries, loans payable and instalment sale agreements and loans receivable.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Figures in Rand	At 28 February 2015		At 28 February 2014	
	Less than 1 year	Between 1 and 2 years	Less than 1 year	Between 1 and 2 years
Group				
Other financial liabilities	3 671 205	12 322 710	4 211 834	5 657 160
Bank overdraft	3 742 520	—	4 299 804	—
Trade and other payables	10 177 551	—	9 090 637	—
Company				
Bank overdraft	177 819	—	84 137	—

At present the group does expect to pay all liabilities at their contractual maturity. In order to meet such cash commitments the group expects the operating activity to generate sufficient cash inflows. In addition, the group holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

Interest rate risk

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, bank overdrafts, loans receivable and payable. The interest applicable to these financial instruments are on a floating basis in line with those currently available in the market.

The group's sensitivity to interest rates has increased during the current period mainly due to the increase in variable rate debt instruments.

The analysis has been performed for floating interest rate financial liabilities and cash. The impact of a change in interest rates on floating interest rate financial liabilities has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses.

The group does not have any fair value sensitivity in respect of fixed rate instruments as at reporting date.



Sensitivity analysis

Figures in Rand	2015		2014	
	Carrying value at year end	After tax effect on statement of comprehensive income if the income interest rate increase/ (decrease) by 1%	Carrying value at year end	After tax effect on statement of comprehensive income if the income interest rate increase/ (decrease) by 1%
Financial instrument				
Cash and cash equivalent	73 432	529	181 635	1 308
Other financial assets	151 699	1 092	—	—
Bank overdraft	(3 724 520)	(26 816)	(4 299 804)	(30 959)
Other financial liabilities	(14 973 915)	(107 812)	(8 812 016)	(63 447)

Figures in Rand	Current interest rate %	Group		Company	
		2015	2014	2015	2014
Cash flow interest rate risk					
Cash and cash equivalent	3 – 4	73 432	181 635	1 005	1 001
Other financial assets	8,25	151 699	—	—	—
Bank overdraft	10,5	(3 724 520)	(4 299 804)	(177 819)	(84 137)
Other financial liabilities	8,5 – 17	(14 973 915)	(8 812 016)	—	—

Credit risk

Credit risk consists mainly of other financial assets, cash deposits, cash equivalents and receivables. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

Financial assets exposed to credit risk at year end were as follows:

Figures in Rand	Group		Company	
	2015	2014	2015	2014
Financial instrument				
Other financial assets	4 435 745	1 389 867	5 000	50 000
Trade and other receivable	9 774 927	10 646 468	—	—
Cash and cash equivalents	73 432	181 635	1 005	1 001
Loans to group companies	—	—	36 444 513	36 234 004

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollars and the Euro.

The group does not hedge foreign exchange fluctuations.

The group reviews its foreign currency exposure, including commitments on an ongoing basis.



Notes to the **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended February 2015

34. RISK MANAGEMENT continued

Foreign currency exposure at the end of the reporting period

Figures in Rand	Group		Company	
	2015	2014	2015	2014
(Assets)/liabilities				
Trade and other receivables (2015: USD 188, EURO 1 576) (2014: USD 188)	22 633	2 028	—	—
Trade and other payables (2015: USD 98 855) (2014: USD 61 457; EURO 4 212)	(1 144 512)	(727 279)	—	—
Sensitivity analysis				
Strengthening of the USD with R1 at USD 12,5777 (2014: USD 11,7894)	98 667	61 458	—	—
Strengthening of the EURO with R1 at EURO 13,9837 (2014: EURO 13,9837)	1 576	4 212	—	—

Exchange rates used for conversion of foreign items were:

USD: 11,5777 (2014: 10,7894)

EURO: 12,9837 (2014: 14,7563)

35. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

36. EVENTS AFTER THE REPORTING PERIOD

Other than stated in the Directors' Report no events material to the understanding of these financial statements have occurred between the end of the financial year and the date of approval of these financial statements.



Shareholders' ANALYSIS

for the year ended February 2015

	Number of shareholdings	%	Number of shares	%
SHAREHOLDER SPREAD				
1 - 1 000 shares	24	8.73	7 882	0.00
1 001 - 10 000 shares	58	21.09	284 136	0.08
10 001 - 100 000 shares	106	38.55	4 598 759	1.33
100 001 - 1 000 000 shares	59	21.45	20 901 488	6.05
1 000 001 shares and over	28	10.18	319 755 508	92.54
Totals	275	100.00	345 547 773	100.00

DISTRIBUTION OF SHAREHOLDERS

Close Corporations	6	2.18	4 928 980	1.43
Individuals	239	86.91	159 955 937	46.29
Trusts	11	4.00	17 030 827	4.93
Other Corporations	5	1.82	895 446	0.26
Private Companies	14	5.09	162 736 583	47.10
Totals	275	100.00	345 547 773	100.00

PUBLIC/NON-PUBLIC SHAREHOLDERS

Non-public Shareholders	7	2.55	185 816 594	53.77
Directors and Associates	6	2.18	107 691 594	31.17
Holding 10% or more	1	0.36	78 125 000	22.61
Public Shareholders	268	97.45	159 731 179	46.23
Totals	275	100.00	345 547 773	100.00

BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE

BHW (Pty) Limited			78 125 000	22.61
SA Madiba Investment (Pty) Limited			66 965 675	19.38
Colyn, E			35 171 549	10.18
Anne-Marie de Beer			30 959 117	8.96
Chhita Family			19 625 000	5.68
Hendrik Christoffel Keyter			18 000 000	5.21
Totals			286 854 210	83

DIRECTORS

BHW (Pty) Limited			78 125 000	22.61
SA Madiba Investment (Pty) Limited			66 965 675	19.38
Colyn, E			35 171 549	10.18
Malan, M			83 334	0.02
Theonelle Beleggingstrust			73 500	0.02
Totals			180 419 058	52.21



Shareholders' **DIARY**

Financial year end

28 February 2015

REPORTS AND PROFIT ANNOUNCEMENTS

Integrated report

18 August 2015

Interim report

November 2015

Annual general meeting

18 September 2015



Report prepared by the board of directors of Imbalie Beauty Limited related to the **CONVERSION OF THE ORDINARY SHARES TO SHARES HAVING NO NOMINAL OR PAR VALUE**

The definitions set out in paragraph 2 apply throughout this report.

1. INTRODUCTION

1.1 The Companies Act, 71 of 2008 (the “**Companies Act**”), which Act came into force on 1 May 2011, limits the Company’s ability to restructure its par value share capital. In order to conform the Company’s share capital to the requirements of the Companies Act, such that the Company’s shares do not have a nominal or par value, the board of directors of the Company recommends that the ordinary shares be converted to shares having no par value pursuant to the provisions of Regulation 31.

1.2 This Report sets out the various requirements of Regulation 31 of the Regulations, as more fully discussed under paragraphs 3 and 4, required for the approval by special resolution by the shareholders of the Company to effect the conversion of the Ordinary Shares to shares having no par value.

2. DEFINITIONS

2.1 “**Company**” means Imbalie Beauty Limited, a company incorporated in the Republic of South Africa, with registration number: 2003/025374/06;

2.2 “**Conversion**” means the proposed conversion of the Ordinary Shares to shares having no nominal or par value without detracting from any of the rights currently associated with the Ordinary Shares;

2.3 “**Ordinary Shares**” means five hundred million (500 000 000) ordinary shares, with a par value of R0,001 per share, of which three hundred and forty five million, five hundred and forty seven thousand, seven hundred and seventy three (345 547 773) ordinary shares have been issued;

2.4 “**Securities**” means any shares, debentures or other instruments, irrespective of their form or title, issued or authorised to be issued by the Company;

2.5 “**Regulations**” means the regulations promulgated under the Companies Act and “**Regulation**” shall be construed accordingly;

2.6 “**Report**” means this report prepared by the board of directors of the Company in terms of Regulation 31(7); and

2.7 “**Shareholders**” means an individual, group or organisation that owns one or more shares in the Company, and in whose name appears in the share register on the date on which this Report is issued.

3. SPECIAL RESOLUTIONS

3.1 Regulation 31(6) provides that the conversion of shares with a nominal or par value to shares having no nominal or par value will have been adopted only if it is approved by:

3.1.1 a special resolution adopted by the holders of each such class of shares; and

3.1.2 a further special resolution adopted by a meeting of all the Company’s shareholders called for that purpose.

3.2 In order to comply with the provisions of Regulation 31(6), the board of directors of the Company proposes that the Shareholders (being the holders of the Ordinary Shares in issue of the Company) adopt the following special resolution to implement the Conversion:

SPECIAL RESOLUTION 3: CONVERSION TO NO PAR VALUE SHARES

“**RESOLVED** as a special resolution that the authorised ordinary par value shares of the Company comprising five hundred million (500 000 000) ordinary shares, with a par value of R0,001 per share, of which three hundred and forty five million, five hundred and forty seven thousand, seven hundred and seventy three (345 547 773) ordinary shares have been issued, be converted to five hundred million (500 000 000) ordinary shares of no par value.”

3.3 **Following the Conversion, it is proposed that the Shareholders adopt the following special resolutions:**

SPECIAL RESOLUTION 4: APPROVAL OF INCREASE IN THE NUMBER OF AUTHORISED SHARES

“**RESOLVED** by way of a special resolution that, in terms of section 36(2) of the Companies Act, subject to the passing of Special Resolution 3, and subject further to the acceptance/registration of this Special Resolution 4 by the Companies and Intellectual Property Commission (to the extent required), the authorised shares of the Company are hereby increased from five hundred million (500 000 000) to one billion (1 000 000 000) by the creation of an additional five hundred million (500 000 000) authorised Shares.”



Report prepared by the board of directors of Imbalie Beauty Limited related to the **CONVERSION OF THE ORDINARY SHARES TO SHARES HAVING NO NOMINAL OR PAR VALUE** continued

SPECIAL RESOLUTION 5: AMENDMENT OF MEMORANDUM OF INCORPORATION (“MOI”) – INCREASE IN THE NUMBER OF AUTHORISED SHARES

“**RESOLVED** as a special resolution, subject to the passing of Special Resolution 3 and 4, and subject further to the acceptance/registration of Special Resolution 4 and 5 by the Companies and Intellectual Property Commission (to the extent required), that the MOI of the Company be and is hereby amended by the deletion of Schedule 1 of the MOI in its entirety and the replacement thereof with the following new wording:

“CLASSES OF SHARES

The Company is authorised to issue one billion (1 000 000 000) ordinary shares, with no par value as contemplated in clause 6.1.1 of the Memorandum of Incorporation to which this schedule is Schedule 1.”

4. FURTHER INFORMATION AND EFFECT

This paragraph 4 sets out the disclosures required to be made as contemplated in Regulation 31(7) to the holders of the Ordinary Shares.

4.1 Information that may affect the value of the Securities affected by the Conversion

The value of the Ordinary Shares will be unaffected by the Conversion as none of the underlying rights attaching to the Ordinary Shares will be affected by the Conversion.

4.2 Classes of holders of the Company’s Securities affected by the Conversion

The Conversion will affect the registered holders of the issued Ordinary Shares (“the Shareholders”).

4.3 Material effects that the Conversion will have on the rights of the holders of the Company’s Securities affected by the Conversion

4.3.1 The rights of the registered holders of the issued Ordinary Shares will not be affected by the Conversion.

4.3.2 In particular, but without limitation, not one of the following rights attaching to the Ordinary Shares will be affected by the Conversion:

4.3.2.1 the right to attend, speak, participate in and vote at a meeting of the shareholder of the Company;

4.3.2.2 the right to be entered into the Company’s register of members;

4.3.2.3 the right to receive distributions, if and when declared and/or made by the Company; and

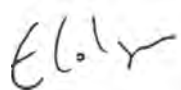
4.3.2.4 the right to receive the net assets of the Company on its liquidation.

4.4 Material adverse effects of the proposed arrangement against the compensation that any of those persons will receive in terms of the arrangement

No compensation will be received by any persons pursuant to the Conversion contemplated herein and there will be no material adverse effects as a result of the Conversion.

5. NOTICE IN TERMS OF REGULATION 31(9) OF COMPANIES REGULATIONS, 2011:

In terms of Regulation 31(9) any shareholder affected by the proposal, who believes that the proposal does not adequately protect his rights, or otherwise fails to satisfy the requirements of the Companies Act, may, at any time before the general meeting, apply to the court for an order.



Ms E Colyn

Director

31 July 2015

Registered office:

Imbalie Beauty Boulevard
Samrand Avenue
Kosmosdal
Extension 4
Centurion
Gauteng
0157



Notice of ANNUAL GENERAL MEETING

IMBALIE BEAUTY LIMITED

Incorporated in the Republic of South Africa
Registration Number: 2003/025374/06
JSE code: ILE ISIN ZAE000165239
("the Company")



Notice is hereby given that the annual general meeting of the shareholders of the Company will be held on Friday, 18 September 2015 at 10h00 at the Company's registered office located at Imbalie Beauty Boulevard, Samrand Avenue, Kosmosdal, Centurion ("the annual general meeting") for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions set out below.

SALIENT DATES AND TIMES

Notice of annual general meeting posted to shareholders	Tuesday, 18 August 2015
Last date to trade in order to be eligible to vote at the annual general meeting	Friday, 28 August 2015
Record date in order to vote at the annual general meeting	Friday, 4 September 2015
Form of proxy to be lodged by no later than 10h00	Wednesday, 16 September 2015
General meeting to be held at 10h00	Friday, 18 September 2015

Notes

- The above dates and times are subject to amendment.*
- All times indicated above are given in South African time.*
- To be valid, the completed form of proxy must be lodged with the Transfer Secretaries of the Company, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), South Africa, to reach the Transfer Secretaries on or before 10h00 on Wednesday, 16 September 2015, being at least 48 hours (excluding Saturdays and Sundays and public holidays in South Africa) before the time appointed for the holding of the annual general meeting.*

Shareholders are advised that facilities for electronic participation in the annual general meeting will not be made available.

PRESENTATION OF AUDITED FINANCIAL STATEMENTS – FEBRUARY 2015

As required in terms of section 30 of the Companies Act of 2008, the annual financial statements of the Company and its subsidiaries, incorporating the reports of the auditors, the audit committee and the directors for the financial year ended 28 February 2015 will be presented at the annual general meeting.

PRESENTATION OF REPORT FROM THE SOCIAL AND ETHICS COMMITTEE

As required in terms of Regulation 43 to the Companies Act of 2008, the chairman of the abovementioned committee will report to shareholders at the annual general meeting on the matters within its mandate.

SPECIAL RESOLUTIONS

In terms of the Companies Act of 2008, the passing of special resolutions requires the approval of at least 75% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting.

Special resolutions 1.1 – 1.3: Approval of non-executive directors' fees

"RESOLVED by special resolution that the Company be and is hereby authorised to pay remuneration to its directors for their services as directors, as contemplated in section 66(8) and section 66(9) of the Companies Act, 2008 (Act 71 of 2008), as amended, and that the remuneration structure and amounts as set out below, be and is hereby approved with effect from the current financial year for a period of two years until such time as rescinded or amended by shareholders by way of a special resolution:

	Fee
1.1 Chairman of the board – per month	R10 000
1.2 Members of the board – per month	R7 500
1.3 Ad hoc – per hour	R1 500

Explanatory note

In terms of section 66(8) and section 66(9) of the Companies, 2008, as amended, companies may pay remuneration to directors for their services as directors unless otherwise provided by the Memorandum of Incorporation and on approval of shareholders by way of a special resolution. Executive directors are not specifically remunerated for their services as directors but as employees of the Company and as such, the resolution as included in the notice requests approval of the remuneration paid to non-executive directors for their services as directors of the Company. In terms of the provisions of the Companies Act, special resolution number 1.1 – 1.5 requires the approval of a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy at the annual general meeting for this resolution to become effective.



Notice of ANNUAL GENERAL MEETING continued

Special resolution 2: financial assistance to all related and inter-related companies

“RESOLVED THAT, as a special resolution, in terms of section 45 of the Companies Act, 2008 (Act 71 of 2008) (“Companies Act”), the shareholders of the Company hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 2, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a related or inter-related company or corporation provided that:

- (a) the board of directors of the Company (“the board”), from time to time, determines (i) the specific recipient or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided, and
- (b) the board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 2 unless the board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance.”

Explanatory note

The purpose of special resolution number 2 is to grant the board the authority to authorise the Company to provide financial assistance as contemplated in section 45 of the Companies Act to a related or inter-related Company or corporation.

Special resolutions to be adopted at this annual general meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

Notice given to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the board authorising the Company to provide such direct or indirect financial assistance in respect of special resolution number 2:

- (a) By the time that this notice of annual general meeting (“AGM”) is delivered to shareholders of the Company, the board will have adopted a resolution (“Section 45 Board Resolution”) authorising the Company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 2 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to a related or inter-related Company or corporation;
- (b) the Section 45 Board Resolution will be effective only if and to the extent that special resolution number

2 is adopted by the shareholders of the Company, and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the board being satisfied that (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act; and

- (c) in as much as the section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed one tenth of one percent of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the section 45 Board Resolution to shareholders of the Company. Such notice will also be provided to any trade union representing any employees of the Company.

Special resolution 3: conversion to no par value shares

“RESOLVED as a special resolution that the authorised ordinary par value shares of the Company comprising five hundred million (500 000 000) ordinary shares, with a par value of R0.001 per share, of which three hundred and forty five million, five hundred and forty seven thousand, seven hundred and seventy three (345 547 773) ordinary shares have been issued, be converted to five hundred million (500 000 000) ordinary shares of no par value.”

Explanatory note:

The reason for and effect of Special Resolution 3 is to convert all of the Company's par value shares into no par value shares as the Company is not permitted to authorise the creation of further par value shares in terms of the Companies Act of 2008.

Special resolution 4: approval of increase in the number of authorised shares

“RESOLVED by way of a special resolution that, in terms of section 36(2) of the Companies Act, subject to the passing of Special Resolution 3, and subject further to the acceptance/registration of this Special Resolution 4 by the Companies and Intellectual Property Commission (to the extent required), the authorised shares of the Company are hereby increased from five hundred million (500 000 000) to one billion (1 000 000 000) by the creation of an additional five hundred million (500 000 000) authorised Shares.”

Explanatory note:

The increase in the number of authorised shares will provide the company with sufficient authorised shares to afford it the capacity to issue additional shares for any future capital raises.



Special resolution 5: amendment of Memorandum of Incorporation (“MOI”) – conversion to no par value shares and increase in the number of authorised shares

“RESOLVED as a special resolution, subject to the passing of Special Resolution 3 and 4, and subject further to the acceptance/registration of Special Resolution 4 and 5 by the Companies and Intellectual Property Commission (to the extent required), that the Memorandum of Incorporation of the Company be and is hereby amended by the deletion of Schedule 1 of the Memorandum of Incorporation in its entirety and the replacement thereof with the following new wording:

Classes of shares

The Company is authorised to issue one billion (1 000 000 000) ordinary shares, with no par value as contemplated in clause 6.1.1 of the Memorandum of Incorporation to which this schedule is Schedule 1.”

Explanatory note:

In terms of section 36(2) of the Companies Act, and Regulation 31(6)(b)(i) of the Companies Regulations, 2011, the Memorandum of Incorporation must be amended in order to give effect to a change in the number of the Company’s authorised shares. The reason for Special Resolution 5 is to amend the MOI to record the creation of the additional five hundred million (500 000 000) authorised shares contemplated by Special Resolution 4 in the authorised shares of the Company and to ensure that the Memorandum of Incorporation contains the necessary detail in relation to the Company’s authorised shares as required.

Special resolution 6: General approval to acquire shares

“RESOLVED by way of a special resolution that the mandate given to the Company in terms of its Memorandum of Incorporation (or one of its wholly-owned subsidiaries) providing authorisation, by way of a general approval, to acquire the Company’s own securities, upon such terms and conditions and in such amounts as the directors may from time to time decide, subject to the Listings Requirements of the JSE be extended, subject to the following:

- This general authority be valid until the Company’s next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this resolution (whichever period is shorter);
- the repurchase being effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the Company and the counterparty;
- repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
- an announcement being published as soon as the Company has repurchased ordinary shares constituting,

on a cumulative basis, 3% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;

- the number of shares which may be acquired pursuant to this authority in any one financial year may not in the aggregate exceed 20% (twenty percent) of the Company’s issued share capital as at the date of passing of this special resolution or 10% (ten percent) of the Company’s issued share capital in the case of an acquisition of shares in the Company by a subsidiary of the Company;
- the Company’s designated adviser confirming the adequacy of the Company’s working capital for purposes of undertaking the repurchase of ordinary shares in writing to the JSE prior to the Company entering the market to proceed with the repurchases;
- the Company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in the JSE Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement published on SENS prior to the commencement of the prohibited period;
- at any point in time the Company only appointing one agent to effect any repurchases on its behalf; and
- the board of directors passing a resolution that they authorised the repurchase and that the Company passed solvency and liquidity tests set out in section 4 of the Act and that since the test was done there have been no material changes to the financial position of the group.

The directors, having considered the effects of the maximum repurchase permitted, are of the opinion that for a period of 12 (twelve) months after the date of the notice of the annual general meeting and at the actual date of the repurchases:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts;
- the working capital of the Company and the Group will be adequate for ordinary business purposes;
- the assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the Company and the Group; and
- the Company’s and the Group’s ordinary share capital and reserves will be adequate for ordinary business purposes.”

Explanatory note

The purpose of special resolution number 3 is to obtain an authority for, and to authorise, the Company and the Company’s subsidiaries, by way of a general authority, to acquire the Company’s issued ordinary shares.

It is the intention of the directors of the Company to use such authority should prevailing circumstances (including



Notice of ANNUAL GENERAL MEETING continued

tax dispensations and market conditions) in their opinion warrant it.

Special resolutions to be adopted at this AGM require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

ORDINARY RESOLUTIONS

In terms of the Companies Act of 2008, the passing of ordinary resolutions requires the approval of more than 50% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting.

Ordinary resolutions 1.1 to 1.2: Election and re-election of directors

In accordance with the provisions of the Company's Memorandum of Incorporation the appointment of any directors appointed by the board shall be confirmed by shareholders at the first AGM following such appointment. In terms hereof, the appointment of Ms D Wolfendale will be confirmed at the AGM.

In addition, one third of the non-executive directors, excluding the newly appointed directors, must retire from office at the AGM and may, if eligible and willing, offer themselves for re-election. In terms hereof, Ms P Tladi will be retiring from office at the AGM. Ms P Tladi has confirmed her willingness to continue to serve as a member of the board. Brief biographical details of each of the above directors and the remaining members of the board are contained on pages 4 and 5 of the integrated report of which this notice forms part.

Ordinary Resolution 1.1

"RESOLVED that, Ms D Wolfendale, who was appointed after the last annual general meeting of the Company, and who is eligible and available for election, be and is hereby elected as an executive director of the Company."

Ordinary Resolution 1.2

"RESOLVED that, Ms P Tladi, who retires by rotation at this annual general meeting in accordance with the Company's Memorandum of Incorporation and who is eligible and available for re-election, be and is hereby re-elected as an independent non-executive director of the Company."

Ordinary resolutions 2.1 to 2.3: Appointment to audit and risk committee

In terms of section 94(2) of the Companies Act, 2008 (Act 71 of 2008), as amended, a public Company must at each annual general meeting ("AGM") elect an Audit Committee comprising at least three members who are directors and who meet the criteria of section 94(4) of the Companies Act. Regulation 42 to the Companies Act specifies that one third of the members of the Audit Committee must have appropriate academic qualifications or experience in the areas as listed in the regulation. It is duly noted that the

Companies Act requires a minimum of three members to be proposed to shareholders for appointment as members of the Audit Committee.

The board of directors of the Company is satisfied that the proposed members of the Audit and Risk Committee meet all relevant requirements, including being independent non-executive directors as defined by King III.

The appointment of Mr MM Patel, Mr TJ Schoeman and Ms P Tladi as members of the Audit and Risk Committee will be subject to their election and re-election as directors of the Company.

The appointment of Ms P Tladi as a member of the Audit and Risk Committee will be subject to her re-election as a director of the Company.

Ordinary Resolution 2.1

"RESOLVED THAT Mr TJ Schoeman be and is hereby elected as a member and Chairman of the Audit and Risk Committee."

Ordinary Resolution 2.2

"RESOLVED THAT Mr MM Patel be and is hereby elected as a member of the Audit and Risk Committee."

Ordinary Resolution 2.3

"RESOLVED THAT Ms P Tladi be and is hereby elected as a member of the Audit and Risk Committee."

Ordinary resolution 3: Re-appointment of external auditors

Nexia SAB&T has indicated its willingness to continue in office and ordinary resolution 3 proposes the re-appointment of that firm as the Company's auditors by shareholders. Section 90(3) of the Companies Act, 2008 (Act 71 of 2008), as amended, requires the designated auditor to meet the criteria as set out in section 90(2) of the Act. The board of directors of the Company is satisfied that both Nexia SAB&T and the designated auditor, Mr T de Kock, meet all relevant requirements.

"RESOLVED THAT Nexia SAB&T be and is hereby re-appointed as the Company's external auditors, with Mr T de Kock being the individual registered auditor, until the next AGM."

Ordinary resolution 4: Authority to issue shares

In terms of the Companies Act, directors are authorised to allot and issue the unissued shares of the Company, unless otherwise provided in the Company's Memorandum of Incorporation or in instances as listed in section 41 of the Act. In accordance with the provisions of the Company's Memorandum of Incorporation, shareholders in an annual general meeting may authorise the directors to issue unissued securities and/or grant options to subscribe for unissued securities as the directors in their discretion, provided that such transaction(s) has/have been approved by JSE Limited and are subject to the JSE Listings Requirements. Directors confirm that there is no specific



intention to issue any shares, other than as part of and in terms of the rules of the Company's share incentive schemes, as at the date of this notice.

"RESOLVED THAT the board of directors be and are hereby authorised by way of a general authority to allot and issue at their discretion the unissued but authorised ordinary shares in the share capital of the Company and/or grant options to subscribe for the unissued shares in the issued share capital of the Company as at 28 February 2015 for such purposes and on such terms and conditions as they may determine, provided that such transaction(s) has/ have been approved by JSE Limited and are subject to the JSE Listings Requirements and the requirements of the Companies Act of 2008."

Ordinary resolution 5: Authority to issue unissued shares for cash

"RESOLVED THAT the directors be and are hereby authorised by way of a general authority, to issue all or any of the authorised but unissued shares in the capital of the Company for cash, as and when they in their discretion deem fit, subject to the provisions of the Companies Act, the Memorandum of Incorporation of the Company and the JSE Listings Requirements, when applicable, and the following limitations, namely that:

- this authority shall only be valid until the next Annual General Meeting of the Company but shall not extend beyond 15 months from the date this authority is given;
- the allotment and issue of the shares must be made to persons qualifying as public shareholders as defined in the Listings Requirements of the JSE and not related parties;
- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
- in respect of securities which are the subject of the general issue of shares for cash:
 - in the aggregate in any one financial year may not exceed 50% (fifty percent), being 172 773 886 shares, of the Company's relevant number of equity securities in issue of that class (for purposes of determining the securities comprising the 50% number in any one year, account must be taken of the dilution effect, in the year of issue of options/convertible securities, by including the number of any equity securities which may be issued in future arising out of the issue of such options/convertible securities);
 - of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible;
 - as regards the number of securities which may be issued (the 50% number), shall be based on the

number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application:

- * less any securities of the class issued, or to be issued in future arising from options/convertible securities issued, during the current financial year;
- * plus any securities of that class to be issued pursuant to:
 - > a rights issue which has been announced, is irrevocable and is fully underwritten; or
 - > acquisition (which has had final terms announced) may be included as though they were securities in issue at the date of application;
- an announcement, including the number of securities issued, the average discount to the weighted average traded price of the equity securities over the 30 business days prior to the date that the issue is agreed in writing between the issuer and the party/ies subscribing for the securities and an explanation of the intended use of the funds, be published after any issue representing, on a cumulative basis within one financial year, 5% or more of the number of equity securities in issue prior to that issue concerned; and
- that in determining the price at which an issue of shares for cash will be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of the ordinary shares of the Company on the JSE, measured over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities."

In terms of the JSE Listings Requirements, the passing of ordinary resolution number 5 requires the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at this annual general meeting.

Ordinary resolution 6: Group remuneration philosophy

The King Report on Corporate Governance for South Africa, 2009 (King III) recommends that the remuneration philosophy of the Company be submitted to shareholders for consideration and for an advisory, non-binding vote to provide shareholders with an opportunity to indicate should they not be in support of the material provisions of the remuneration philosophy and policy of the Company. Shareholders are referred to the remuneration philosophy as contained on page 17 of the integrated report of which this notice forms part.

"RESOLVED, by way of a non-binding, advisory vote, that the remuneration philosophy of the Company be and is hereby approved."



Notice of ANNUAL GENERAL MEETING continued

Ordinary resolution 7: Signing authority

“RESOLVED that, any director of the Company or the company secretary be and is hereby authorised to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the special and ordinary resolutions as set out in this notice of the annual general meeting.”

ADDITIONAL INFORMATION

Other disclosure in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosure, which are contained in the integrated report of which this notice forms part:

- major shareholders of the Company — page 65;
- share capital of the Company — page 54.

Material change

There have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year end and the date of this notice.

Directors' responsibility statement

The directors, whose names are given on page 25 of the integrated report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 3 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 3 that have been omitted which would make any statement in relation to special resolution number 3 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 3 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 3.

Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase and for a period of twelve months thereafter:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.

IDENTIFICATION, PROXIES AND VOTING

Shareholders are reminded that:

- a shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the annual general meeting in the place of the shareholder, and shareholders are referred to the proxy form attached to this notice in this regard;
- a proxy need not also be a shareholder of the Company; and
- in terms of section 63(1) of the Companies Act, any person attending or participating in an annual general meeting of shareholders must present reasonably satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified.

All beneficial owners whose shares have been dematerialised through a Central Securities Depository Participant ("CSDP") or broker other than with "own name" registration, must provide the CSDP or broker with their voting instructions in terms of their custody agreement should they wish to vote at the annual general meeting. Alternatively, they may request the CSDP or broker to provide them with a letter of representation, in terms of their custody agreements, should they wish to attend the annual general meeting.

Unless you advise your CSDP or broker, in terms of the agreement between you and your CSDP or broker by the cut off time stipulated therein, that you wish to attend the annual general meeting or send a proxy to represent you at the annual general meeting, your CSDP or broker will assume that you do not wish to attend the annual general meeting or send a proxy.

Forms of proxy (which form may be found enclosed) must be dated and signed by the shareholder appointing a proxy and must be received at the offices of the transfer secretaries, Computershare Investor Services (Pty) Limited.

Before a proxy exercises any rights of a shareholder at the annual general meeting, such form of proxy must be so delivered.

In compliance with the provisions of section 58(8)(b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out immediately below:

- An ordinary shareholder entitled to attend and vote at the annual general meeting may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the annual general meeting in the place of the shareholder. A proxy need not be a shareholder of the Company.



- A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the annual general meeting.
- A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
- The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
- The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.
- If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.
- The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting.

On a show of hands every shareholder present in person or by proxy, and if a member is a body corporate, its representative, shall have one vote and on a poll every shareholder present in person or by proxy and, if the person is a body corporate, its representative, shall have one vote for every share held or represented by him/her.

Shareholders and proxies attending the annual general meeting on behalf of shareholders are reminded that section 63(1) of the Companies Act requires that reasonably satisfactory identification be presented in order for such shareholder or proxy to be allowed to attend or participate in the meeting.

By order of the Board



Marianne Fourie

For: iThemba Governance and Statutory Solutions
(Pty) Limited
Company Secretary

Samrand
31 July 2015



Form of PROXY

IMBALIE BEAUTY LIMITED

Incorporated in the Republic of South Africa
 Registration Number: 2003/025374/06
 JSE code: ILE ISIN ZAE000165239
 ("the Company")



To be completed by certificated shareholders and dematerialised shareholders with "own name" registration only

For completion by registered members of the Company unable to attend the annual general meeting of the Company on Friday, **18 September 2015** at **10h00** at the Company's registered office located at **Imbalie Beauty Boulevard, Samrand Avenue, Kosmosdal, Centurion** or at any adjournment thereof.

I/We _____

of _____ (address)

Tel _____ (work) _____ (home) _____ (mobile)

being the holder/s of _____ shares in the Company, do hereby appoint:

1. _____ or, failing him/her

2. _____ or, failing him/her

the chairman of the annual general meeting, as my/our proxy to attend, speak and, on a poll, vote on my/our behalf at the abovementioned annual general meeting of members or at any adjournment thereof, and to vote or abstain from voting as follows on the ordinary and special resolutions to be proposed at such meeting:

	For	Against	Abstain
Special Resolution 1.1: Approval of Chairman of the Board Fees - per month			
Special Resolution 1.2: Approval of Members of the Board Fees - per month			
Special Resolution 1.3: Ad hoc Fee - per hour			
Special Resolution 2: To approve financial assistance to related and inter-related companies			
Special Resolution 3: Conversion to no par value shares			
Special Resolution 4: Approval of increase in the number of authorised shares			
Special Resolution 5: Amendment of MOI - Conversion to no par value shares and increase in the number of authorised shares			
Special Resolution 6: General authority to acquire the Company's own securities			
Ordinary Resolution 1.1: To elect Ms D Wolfendale as an executive director			
Ordinary Resolution 1.2: To re-elect Ms P Tladi as a non-executive director (independent)			
Ordinary Resolution 2.1: To appoint Mr TJ Schoeman as a member and Chairman of the Audit and Risk Committee			
Ordinary Resolution 2.2: To appoint Mr MM Patel as a member of the Audit and Risk Committee			
Ordinary Resolution 2.3: To appoint Ms P Tladi as a member of the Audit and Risk Committee			
Ordinary Resolution 3: To approve the re-appointment of the external auditors			
Ordinary Resolution 4: To authorise directors to allot and issue unissued ordinary shares			
Ordinary Resolution 5: To authorise directors to allot and issue unissued ordinary shares for cash			
Ordinary Resolution 6 - Approval of the Group remuneration philosophy			
Ordinary Resolution 7 - Signing authority			

Please indicate with an "X" in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy may vote or abstain as he/she sees fit.

Signed at this _____ day of _____ 2015

Signature _____

Assisted by me, where applicable (name and signature) _____

Please read the notes on the reverse side hereof.



Notes to the FORM OF PROXY

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the AGM may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder's choice in the space provided, with or without deleting "the chairman of the meeting". The person whose name stands first on this form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the chairman of the meeting.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the AGM notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than forty-eight hours before the commencement of the AGM.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The chairman of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. A shareholder's authorisation to the proxy including the chairman of the AGM, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the AGM.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or waived by the chairman of the AGM.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.
12. Where there are joint holders of ordinary shares:
 - 12.1. any one holder may sign the form of proxy;
 - 12.2. the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. Forms of proxy should be lodged with or mailed to Computershare Investor Services (Pty) Limited:

Hand deliveries to: Postal deliveries to:
Computershare Investor Services (Pty) Limited
70 Marshall Street PO Box 61051
Johannesburg, 2001 Marshalltown, 2107
to be received by no later than 10h00 on Wednesday, 16 September 2015.
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

SUMMARY OF THE RIGHTS OF A SHAREHOLDER TO BE REPRESENTED BY PROXY AS SET OUT IN SECTION 58 OF THE COMPANIES ACT:

- A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid until the end of the relevant shareholders' meeting.
- A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy.
- The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
- The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.
- If the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder, must be delivered by the company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the company to do so in writing; and (ii) paid any reasonable fee charged by the company for doing so.

Attention is also drawn to the "Notes to proxy". The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting.



Corporate INFORMATION

IMBALIE BEAUTY LIMITED

Registration number 2003/025374/06
JSE abbreviated name: "Imbalie"
JSE code: ILE
ISIN: ZAE000165239
Sector: AltX
Exchange: Alternative Exchange
Founded: 2003
Listed JSE: 21 August 2007
Website: www.imbaliebeauty.co.za

BUSINESS ADDRESS

Imbalie Beauty Boulevard
Samrand
Gauteng, 2001
Telephone: (012) 621 3300
Facsimile: (012) 621 3338

DIRECTORS

Mr MM Patel (*Chairman*)
Mr TJ Schoeman (*Independent non-executive director*)
Ms P Tladi (*Independent non-executive director*)
Ms E Colyn (*CEO*)
Mr WP van der Merwe (*Financial and Corporate Strategy director*)
Ms D Wolfendale (*Executive director - Marketing, Sales and Training*)

COMPANY SECRETARY AND REGISTERED OFFICE

iTemba Governance and Statutory Solutions (Pty) Limited,
Represented by Ms Marianne Fourie
Block 5 - Suite 201, Monument Office Park
79 Steenbok Avenue
Monument Park, 0181
(PO Box 25160 Monument Park, 0105)
Telephone: 086 111 1010
Facsimile: 086 604 1315

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)
Telephone: (011) 370 5000
Facsimile: (011) 688 5210

BANKERS

Absa Bank Limited

ATTORNEYS

Bouwers Inc
(Registration number 2004/034346/21)
Block 6 Albury Office Park
Corner Albury Road and Jan Smuts Avenue
Hyde Park, Johannesburg
(PO Box 412308, Craighall, 2024)
Telephone: +27 (0) 11 325 5530
Facsimile: +27 (0) 11 325 5639

DESIGNATED ADVISOR

Exchange Sponsors
(Registration number 2008/019553/07)
44A Boundary Rd
Inanda
Sandton, 2196
(PO Box 411216, Craighall, 2024)
Telephone: (011) 880 2113
Facsimile: (011) 447 4824

AUDITORS

Nexia SAB&T
(Registration number 1997/018869/21)
119 Witch-Hazel Avenue
Highveld Technopark
Centurion, 0157
(PO Box 10512, Centurion, 0046)
Telephone: (012) 682 8800
Facsimile: (012) 682 8801





www.imbaliebeauty.co.za

Placēcol[®]
skin care clinic


Dream Nails
Beauty[®]

perfect10[®]
more than just a look... 